

Nation's Business

USEFUL LOOK AHEAD

JANUARY 1963

'63

GROWTH

PRICES

PROFITS

PAY

Authorities forecast Kennedy's prospects PAGE 32

Listen to the right people PAGE 60

Coming: New defeat for farm controls PAGE 68

How to get rich PAGE 82

New Ford **DIESEL** trucks cut costs on all these jobs!

Are any of these truck applications yours? Then consider the long-term returns of investing in Diesel-powered Fords. More Diesel facts, figures, and the expert knowledge of a skilled Ford Truck Representative are as close as your telephone!

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For Outstanding Reliability & Durability

PRODUCTS OF  MOTOR COMPANY



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New Ford Diesel Four halves fuel costs. Ford's new 220-cu. in. 4-cylinder Diesel engine offers new economy for parcel delivery trucks, 8000 to 15,000 lb. GVW! Uses half the fuel of comparable gas engines; gives up to twice the mileage between overhauls! Result: lower costs for high-idle, multi-stop routes.



CITY PICK-UP AND DELIVERY WORK

New Ford Diesel Six doubles mileage. In typical city delivery work, Ford's new 330-cu. in. Diesel Six can double the fuel mileage of gas engines, increase reliability and lower service requirements. Available in both tilt cabs and new 89-inch BBC conventional models.



HEAVYWEIGHT LONG- DISTANCE HAULING

New Cummins V6 saves 960 lbs. Now—for the first time—rugged Ford conventional trucks with low-cost Diesel power! New lightweight Cummins V6 eliminates 960 lbs. in engine weight for more payload. Available in "F" and "T" Series Fords up to 65,000 lbs. GCW.



HIGHWAY HAULING WITH 40-FT. TRAILERS

50,000 extra ton-miles a year. New "H" and "N" Series offer in-line Diesels up to 250 hp in space-saving tractors that haul 40-ft. trailers in 50-ft. states. Also new are lightweight Cummins V-Diesels that can add nearly 50,000 ton-miles to yearly earnings with new Ford heavy-duty tractors!



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A hands-free telephone, a conference telephone, a regular telephone —that's the *new* improved Speakerphone.

Hands-free . . . With a Speakerphone you can take notes, refer to records, get up and walk around your desk without interrupting the conversation.

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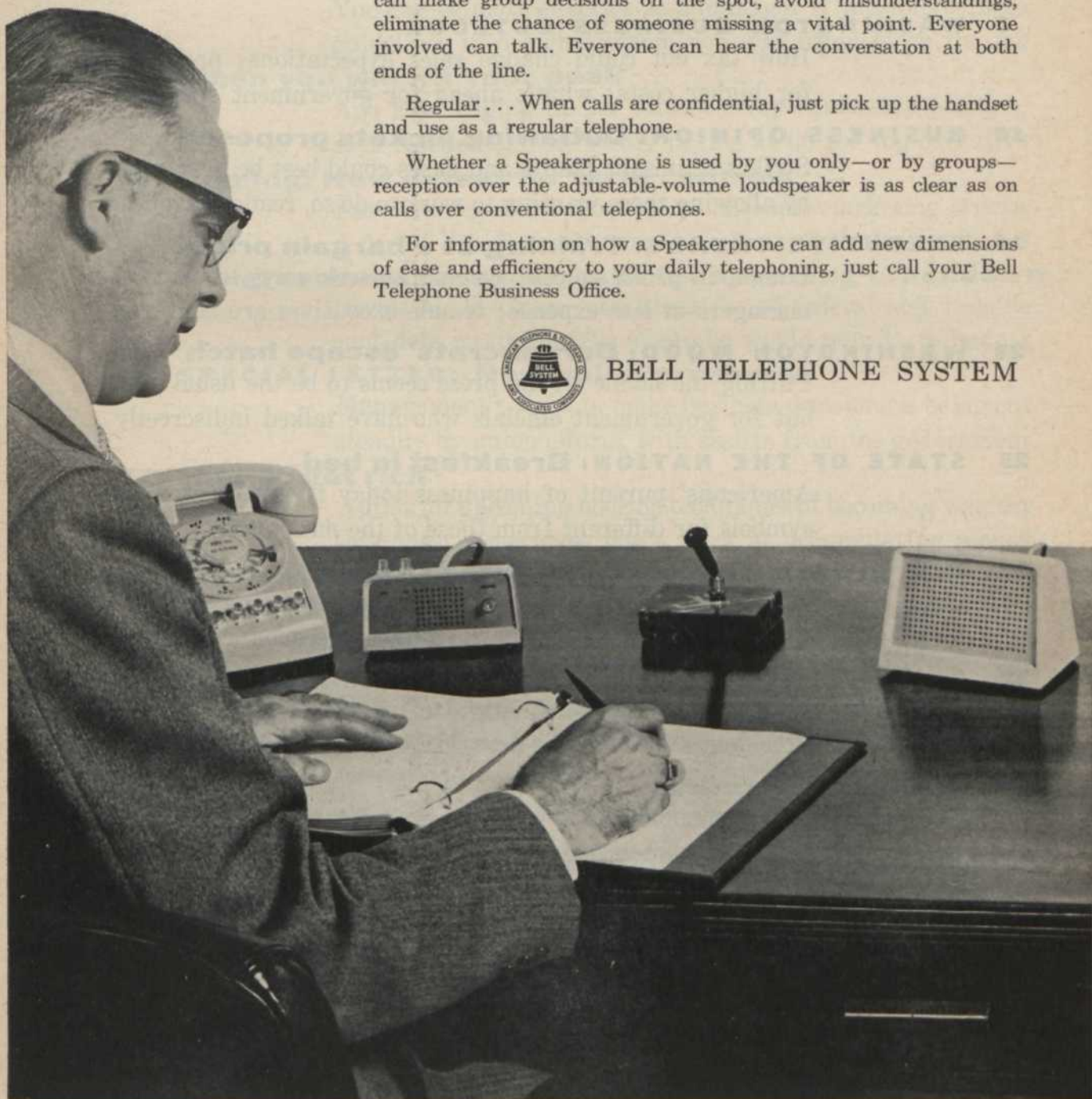
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Nation's Business

January 1963 Vol. 51 No. 1

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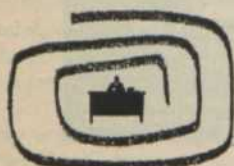
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NEW SHOPPING CENTERS REFLECT STRONG ECONOMIC FUTURE FOR SOUTHERN STATES

More Than \$224,000,000 Planned For New Centers—Ala., Ga., Fla., Miss.

A survey of this productive four-state area—Alabama, Georgia, Florida, and Mississippi—indicates that strong gains in retail sales will continue. The amount so far allocated for new shopping centers in 1963-64 is more than \$224,000,000.*



Ninety-three shopping centers on which construction will start prior to January 1, 1965, are spread throughout the four states served by The Southern Company system. They range from the conventional center to the "suburban city" type that will include apartment houses, office buildings and other features.

These bold plans are substantial evidence of the confidence placed in this fast growing region.

Retail sales in Alabama, Georgia, Florida, and Mississippi were \$15,102,256,000 in 1961—a 20% increase over 1956 sales compared to a 14% increase since 1956 for the

nation as a whole. This steady, forward motion is creating fresh, new skylines reflecting the wealth of rapidly expanding consumer markets.

Since 1952 operating companies of The Southern Company system—Alabama, Georgia, Gulf, and Mississippi Power Companies and Southern Electric Generating Company have spent \$1,325,000,000 for generating plants and transmission and distribution facilities. During the next three years they plan to invest an additional \$550,000,000 for further expansion.

It all adds up to opportunity; vital, moving forces that can help your company grow!

In the period 1956—1961, the four-state area's rate of gain in practically every field led the nation as a whole. Here are some pertinent comparisons:**

	4-State Area	United States
Bank Deposits	36.7%	23.8%
Number Commercial and Industrial Firms.	12.0%	.5%
Gross Personal Income.	38.6%	27.8%

**Source: U. S. Dept. of Commerce

The last half of the twentieth century belongs to the South!

*Source: Business and Real Estate Editors
And Research Directors of Daily Newspapers

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Georgia Power Company Atlanta, Georgia
Gulf Power Company Pensacola, Florida
Mississippi Power Company Gulfport, Mississippi
Southern Electric Generating Company Birmingham, Alabama

How to succeed while you're still young



"Take the initiative. You won't always be right. But knowing business fundamentals will cut your margin of error to the minimum"



"Actively seek all of the responsibility you can possibly handle. You'll never get anywhere by avoiding the tough assignments"



"Develop the instinctive ability to make quick, accurate decisions. Business has always reserved its greatest rewards for men of action and courage"



"Broaden your knowledge of business in a systematic, organized way; learn the problems and viewpoints of all major departments of business"

An interview with James M. Jenks, Vice President, Alexander Hamilton Institute

THE famed management consultants—Booz, Allen & Hamilton—contend that *"The return of rigorous competition is forcing the improved use of executives. In many cases the margin of competitive success or failure is locked up in the quality of management talent."**

It is in times such as these that seniority is often thrown out the window; and that knowledgeable, ambitious young people are permitted to rise as fast and as far as their ability enables them to go. For business has too much at stake to discriminate on the basis of age.

The man who can do the job, gets the job . . . whether he's 28 or 58.

And today—as in critical eras in the past—top managerial talent is emerging from big and small organizations throughout the country. From engineers, chemists and other technical men. Among salesmen. Accountants. Lawyers. Markingmen.

Their backgrounds are diverse; but all of these men share a compelling force to succeed, and the intelligence to realize that only people with a well-rounded grasp of business functions can direct the activities of subordinates.

A Fascinating "How to Succeed" Plan

Most people are surprised to learn that the average age of our subscribers is closer to 40 than to 20.

And we, in turn, are equally surprised that this mistaken notion has persisted for so long.

After all, rarely does a man mature sufficiently until he is in his thirties to give any serious thought to his future, or to the security of his family.

But the day comes inevitably when he asks himself: "Where am I going to be in five or ten years? Will I be able to put my children through college? Will my estate support my family, for a reasonable period, without the need for additional funds?"

If he's fortunate, acts while time is still on his side and if the program he follows is valid, he frequently becomes successful while he's still young.

All of this, necessarily, is an oversimplification of the problem.

For that reason, we have analyzed the Institute's approach to executive-training problems in written form. The program is outlined fully in a 48-page book titled *"Forging Ahead in Business."*

This little book is not for children or even the 20-year-old. Rather, it was designed to show the mature, ambitious man how to build his career on a solid foundation—how to cope realistically with the problems everybody must meet and solve before he can hope to aspire to the top managerial level.

A copy is yours for the asking

After having devoted more than fifty years to helping ambitious men help themselves, we're naturally aware of the reasons why some men reach the heights at an early age . . . why others don't hit their peak until years later . . . and why some never do make the grade as major executives.

Surprisingly, native ability and intelligence are not nearly as dominant influences as one might expect (the \$50,000 a year man is not five times as intelligent as the \$10,000 man.)

Few men work at more than a fraction of their capacity . . . and most are willing to settle for mastery of a single department of business.

Somehow they fail to realize management's need to understand, relate and communicate on an overall administrative level . . . to master the basics of marketing, accounting, finance and production.

While helping thousands to accomplish more in months than they would, ordinarily, in years,

the Institute has compiled, analyzed and refined authentic case-history material . . . made depth studies of real and complex business situations. Thus the training is immediately applicable to average everyday business problems.

Many executives have called the Institute's descriptive booklet *"One of the most valuable contributions ever made to business literature."*

It explains the modern method of attaining success while you're young—while you can still enjoy it to the fullest. Tells you what you must do, what you must know, to make upwards of \$15,000 a year reasonably early in your career.

The program it describes is not meant for everybody; but if you happen to fit the pattern of the success-minded man, it's entirely possible that you, too, will find that the Institute's program will bring you a little closer each day to your chosen goal.

There's no charge for *"Forging Ahead in Business"* because—depending on the individual—it can be worth *nothing . . . or a fortune.*

To obtain your complimentary copy, simply fill out and return the coupon below.

**Quoted from June, 1962, issue of "Newsfront"*

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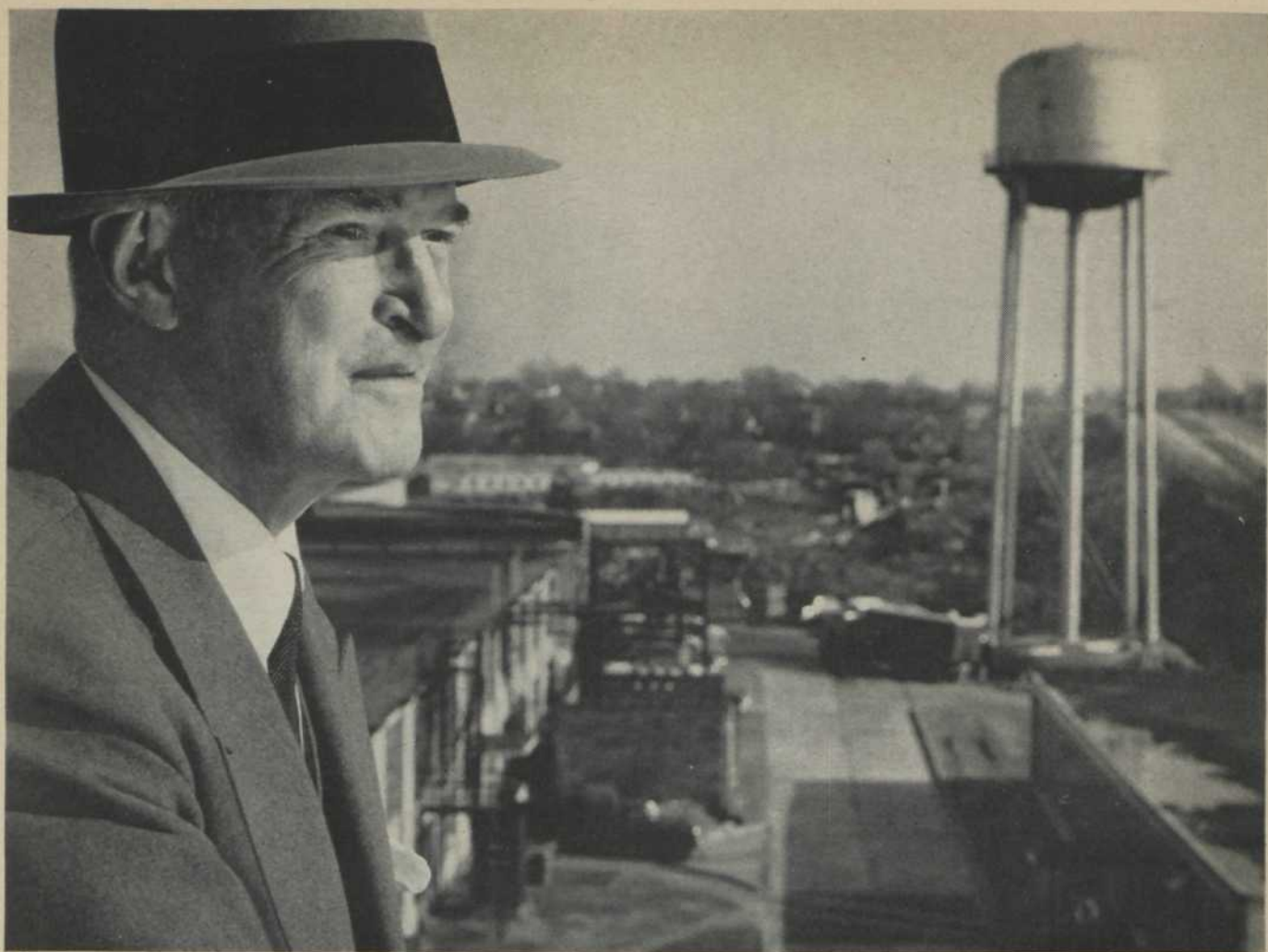
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He may step up your production and cut down your insurance costs — this expert

TROUBLE FINDER

"Find the cause of on-the-job accidents and you will find a way to speed up your production, cut your operating costs, and control your insurance premium."

That's what a Hartford Loss Control Engineer will tell you. These men—whose services are available to Hartford-insured business firms and industrial plants—approach accidents with the conviction that such mishaps are symptoms of much deeper problems that need correction. Accordingly, in working with policyholders to reduce accidents, Hartford engineers probe into such basic factors as *equipment, materials, and people*. They examine the arrangement, use and maintenance of equipment, and the handling, storage and processing of materials. They study the procedures being used in the selection, training, and leadership of employees. Finally, they instruct supervisory people in the continuing day-to-day application of these loss control principles and techniques.

A typical example

How does this unique Hartford approach work? Here is just one example, typical of hundreds:

Investigation of an epidemic of accidents in a certain factory indicated the immediate cause of trouble was oil-spotted floors upon which workers were slipping and falling. A conventional accident prevention solution would have been more frequent mopping of the floors, and the use of slip-proof shoes by employees.

However, Hartford Loss Control Engineers, sensing a

more basic problem, teamed up with plant supervisors to study the total situation more thoroughly. They found that the oil drippings came from a fork-lift truck on which worn gaskets were not being replaced promptly. This led to a general review of plant maintenance practices, with provision for better training of maintenance people and closer control of stocks of maintenance parts. The result—beyond a marked improvement in the accident situation—was an increase in general operating efficiency and a better profit showing.

How to learn more

Your Hartford Group Agent or your own insurance broker can give you details on how you can get the benefits of Hartford Engineering Service. Your Hartford Agent is probably listed in the Yellow Pages under Hartford Insurance. Or look for him wherever you see the Stag trademark displayed. Many Hartford Group Agents also display this emblem of the National Association of Insurance Agents.



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WASHINGTON BUSINESS OUTLOOK

Want to know how a tax cut would affect take-home pay?

GI insurance dividend is coming this month. It'll put about as much money in people's pockets as personal tax cut would each month—of size Administration wants Congress to vote.

There's this difference: Dividend will be shared by a little more than five million veterans. Personal tax cut would be shared by more than 50 million taxpayers.

Government in peacetime to cost more than highest in wartime.

That's near-term prospect, probable for upcoming fiscal period.

You'll get details on spending programs for fiscal '64 when President reports to Congress this month.

Keep in mind: Whatever level of spending President proposes, budget is merely a plan.

Plan normally gets upset. Actual spending usually runs higher.

Final spending depends partly on actions by Congress. Cold war—what happens in Red Cuba, Berlin, China—also can force speed-up in pace of defense outlays. Federal welfare programs will go up. Debt interest heads higher.

President's proposals will include some tax cuts, some tax increases—net decrease.

Prediction: Congress will cut personal and corporation income tax rates. Not a sure thing; that's informed guess from Washington at this time despite doubts of some lawmakers.

But don't count on quick action. It'll take time for congressional wheels to turn.

Watch also for Congress to hold back funds for some Administration programs.

First big action in new Congress will come in a few days.

It'll involve committee assignments.

Several potential battles are shaping up.

House Rules Committee is example. Efforts

will be made to keep enlarged membership to weaken this committee's ability to bottle up legislation it may decide to keep from House vote. Other moves to weaken committee are threatened.

Ways and Means Committee is another. Liberal forces want two from their ranks to fill vacancies left by conservatives.

This is intended to shift strength toward possible passage of such measures as limited health care for some of the aged as part of social security program. Might also make a difference in outcome of tax proposals.

This could ease way for passage of law imposing federal standards on state unemployment compensation programs.

Senate battle is possible on Rule 22—a provision for overcoming filibuster which some senators want to strengthen, others want to weaken.

These actions involve procedures that could have bearing on future course of issues of top importance to business.

How will President Kennedy's program come out in this session of Congress?

Nation's Business asked specialists in this field.

Their forecasts are on page 32.

Other legislative news will come out of Washington in days immediately ahead.

Watch for special report on education.

Could build big fire under massive expansion of federal education programs.

Report coming from Special Subcommittee on Higher Education. Chairman is Mrs. Edith Green, Democratic congresswoman of Oregon.

Report is expected to say Uncle Sam isn't going far enough in school work, expected to call for big federal spending in many areas.

Such as: More federal tax dollars for fellowships, training grants, university research spon-

sored by federal agencies, education of servicemen and their dependents, extension courses given by Department of Agriculture, vocational training programs, education of Indians, more money for schools located near federal installations, and so on.

Government guesstimates on economic progress for year ahead are coming in January.

Watch for President's Economic Report to Congress about midmonth.

There'll be plenty of detail on business trends and economic thinking that'll guide Administration policies on issues that will affect your business.

Here's a peek behind closed doors:

Presidential advisers last year overshot the mark in forecasting economic advancement.

This year they're likely to undershoot.

U. S. moves ahead in production race with Soviet Union.

Example: In just one assembly-line hour—all through '63—U. S. will produce more autos than Russia will make in a week.

Truth is it takes Russia three full weeks to make as many cars as our people currently are putting out during one week's overtime.

U. S. auto production expected to hold up well during year ahead, sales advancing from past year.

Four factors figure in this prospect:

1. Personal income will rise, more people at work with pay rates going up. Number of workers earning more than \$100 a week will go up substantially, family income rising at all levels.

2. Credit ratings are good, people not too deep in debt. There's room for expansion of credit buying, according to credit specialists.

3. Scrap rate will pick up. Cars bought in '55, '56, previous years, will begin going on scrap heap in bigger numbers.

4. Company executives see this adding up

to big selling opportunity. They're priming salesmen for maximum effort. Chances are good that their efforts will pay off.

Furniture sales are moving up—for same reasons auto sales are high.

Same is true for most other goods used around the house.

You've just seen best year yet for retail sales.

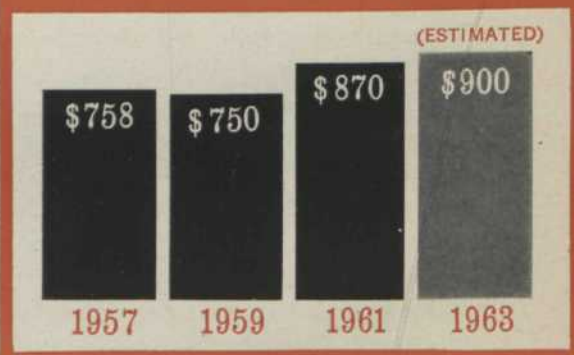
Ahead is an even better year.

Probable rise: About four per cent.

More rapid sales rise is prospect if taxes are cut.

Continuous rise in cost of government indicates another all-time high for tax collections.

Per capita taxes head for new peak



Total for state, federal, local governments will equal about \$900 for every man, woman, child in the country.

Figure was \$750 in '59.

One tax—regardless of what Congress might do on income tax rates—will be higher in all years ahead.

It's your social security tax.

This tax will cost Americans—employers, employees, self-employed—as much in the next six years as it did in the past 26.

WASHINGTON BUSINESS OUTLOOK

Details: Uncle Sam has just collected the hundred billionth social security tax dollar—total collections after 26 years of continuous program and tax expansion.

It'll take just six more years to collect the next \$100 billion.

This tax will boost business payroll costs about \$1 billion this year alone.

Rate goes up this month. As an employer, you'll pay \$174 per employee making \$4,800 in place of \$150 you paid last year.

Compares with \$30 a year you paid until a dozen years ago when big expansion got under way.

Other taxes will also boost your costs in 1963.

Increase is coming whether Congress cuts corporation income tax rate or not.

Details on page 34.

Wage cost trend points up about four per cent this year.

That'll bring average hourly increases of about seven to eight cents an hour—plus the cost of fringe benefits.

You can thank Uncle Sam for part of coming pressure to push wage rates higher.

Federal wage-fixing law is example.

Pay floor will go up from \$1.15 an hour to \$1.25 next Sept. 3. Law already on books, passed by previous Congress.

Surveys show that pressures from bottom push wages up all along the line. Means you will be pressured to raise pay scales for your more skilled workers as well.

Proposal in Congress this year will try to extend coverage of wage-fixing law to industries excluded by previous congressional action. Watch for House Education and Labor Committee to take up proposal that would extend cov-

erage to employees of hotels, motels, restaurants, laundries.

Government also sets some wages at higher pay scales.

For example, Labor Department determines going-rates of pay for workers on federal contract construction jobs (under Davis-Bacon Act).

Some crane operators in New York City get \$6.10 an hour and some common laborers get \$3.95.

See page 38 for details.

One congressional action could boost your pay scales a flat 14 per cent.

Proposal would shorten the workweek to 35 hours.

This is key objective of union leaders.

They want five days of pay for four and a half days of work.

Variation of this proposal would mean you pay double time for all over 35 hours.

(Steel workers want a 32-hour week.)

Passage unlikely this year, but this issue is gaining strength for future action, could become law this year if unemployment goes up substantially during legislative session.

Union backers admit battle for approval will be long and difficult—but they intend to win.

New federal policing of your payroll could come this year.

Congress will consider a proposal involving equal pay for women.

Issue is tricky.

It's intended to mean you pay women same wages you pay men for comparable work.

But issue revolves around fact that government could inspect your books, hold hearings, make wage determinations in wide range of examples.

Backers think passage likely this year.



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When You Fly A

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Weapon Systems Managers: Write, wire or phone Contact Adm., Beech Aerospace Div., Wichita 1, Kansas.

Business opinion:

Outlawing pickets proposed to cure missile strikes

WORK STOPPAGES at missile plants and bases have happened numerous times, but at most a palliative has been suggested. Would simply outlawing the picket line solve this dilemma?

The rights of minorities have been championed against the wishes of the majority. But the majority, in this case 180 million other Americans, certainly also has rights, especially against a small group that insists the nation must accept its demands or sacrifice the country's defenses.

Outlawing the picket line would not mean forced labor, is better than compulsory arbitration, and would replace coercion with persuasion and allow those wanting to work to do so. Don't you believe that most of these workers are not only satisfied, but prefer to work?

JOHN FRIER
The Aloxx Manufacturing Company
St. Louis, Mo.

Another alternative

Apropos "Test Your Decision-Making Ability" [November], I would suggest that perhaps one more suggestion might be added to the answer to question number four. This was whether the holder of a certain block of stock should: 1, sell his entire holdings and take a loss; 2, buy more at the lower price, thus reducing his average investment per share; or, 3, stay with it hoping to see it come back to the cost price.

An investor in this position could improve his position, if he wished to continue to hold the stock, by selling short shares he is holding and on the same day purchasing the same number of shares of the same stock. After waiting more than 30 days, he could close the short sale by delivering his original block of shares and continuing to hold the new block he purchased on the same date he originated the short sale.

Obviously, he has improved his

position by cutting the cost of his original holdings to the lower existing market price while maintaining his investment and avoiding the risk that the stock would rise in price before he could buy it back.

E. L. KING
Vice President
The South Carolina National
Bank
Anderson, S. C.

Picking up the check

Referring to "Why We Must Cut Taxes" [November], since the President's chief economic adviser makes no mention of reducing unnecessary government disbursements, it appears that his report should be restyled:

"Why we must postpone picking up our dinner check so that our grandchildren will be compelled to do so."

H. A. STEWART
Portland, Oregon

Wonderful phrase

I have read with great interest (and appreciation) the article in the September NATION'S BUSINESS entitled, "Education Myths Lead Schools to Produce 'the Triumphant Slob'." What a wonderful phrase.

JAMES L. LOOMIS
Director of Information
and Alumni Affairs
Iolani School
Honolulu, Hawaii

Checks and balances

One cannot altogether agree with Felix Morley's view [December] that de Gaulle's "move from the British conception of democratic government towards our own" is such an unqualified good thing.

The British form is nearer to the ultimate in democracy than is any other. The French general seeks to move away from this. His reasons may be practical, but nevertheless they are of a negative nature in that they seek to curb the irresponsibility of the deputies.

Was it not fear of similar irresponsibility that led the early Ameri-

yes, outwears! yes, any other!

The new Goodyear Super Hi-Miler outwears any other truck tire of its kind! Here's why:



1. New, wide tread.

Reduces the rate of wear because tread wear is distributed over a much wider area.



2. All ribs continuous.

Not broken into lots of small segments that squirm and scuff away mileage. Wear is smooth and even.



3. New shoulder design.

Open grooves safely dissipate tire-destroying heat — flex easily — resist tearing.



4. All grooves full depth.

Run right down to undertread. Extra-deep outer grooves insure extra traction and extra safety.



5. Dual Compounded tread.

Two treads in one. Resilient inner tread cuts heat buildup. Permits compounding outer tread for maximum wear.



6. And, New "Muted Sound."

Zigzag groove length varies in each quarter of tire. Acoustically engineered to mute high-speed tire noise.

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...new Goodyear wonder synthetic...proved in millions of highway miles, the toughest, longest-wearing rubber Goodyear ever developed! • Whether you have 4 wheels or 4,000 on the road, you'll save with the all-new Super Hi-Miler with TUF SYN. Get the full story from your Goodyear Representative, your Goodyear Dealer or Goodyear Service Store. And specify Super Hi-Miler on your next equipment order. Then start saving with Super Hi-Miler. Goodyear, Akron 16, Ohio.

GOOD YEAR

cotton complements southern hospitality at famed Black Angus restaurant



Linen supplied by Sanitary Linen Service, 2514 Hampton Boulevard, Norfolk, Virginia.

In a fine restaurant cleanliness and service are indispensable. That's why the famous Black Angus restaurant in Norfolk, Virginia uses cotton toweling in its washrooms. The result: neat, uncluttered washrooms, less danger of plumbing stoppage, reduced fire hazards and a high quality of sanitation. The bonus: better employee morale as well as pleased patrons. Delivery is prompt, the cost is low and you need no storage space. To find out how cotton toweling can produce specific benefits for *your* business, write for free booklet: Dept. P-1, 111 West 40th Street, New York 18, N. Y.

Here's How Linen Supply Works...

You buy nothing! Your linen supply dealer furnishes everything at low service cost—cabinets, pickup and delivery, automatic supply of freshly laundered towels and uniforms. Quantities can be increased or decreased on short notice. Just look up LINEN SUPPLY or TOWEL SUPPLY in your classified telephone book.

CLEAN COTTON TOWELS...SURE SIGN OF GOOD MANAGEMENT

Fairfax Towels

WELLINGTON SEARS COMPANY, 111 W. 40th STREET, NEW YORK 18, N. Y.



Business opinion:

cans to bind the great offices of government with checks and balances? The hope should be that we can grow away from reliance upon written laws, not institute more of them.

ARTHUR B. TOFT
William Hill Field Advertising
Westport, Conn.

Investment advice

In your July issue, there is an item, "A Program for Balanced Investment," which briefly discusses Richard H. Rush's investment recommendations for executives.

Please advise if Mr. Rush has written any books, articles, or pamphlets.

S. P. SAVASO
Production Manager
Potlatch Forests, Inc.
Lewiston, Idaho

►Dr. Rush has written several books. For an adaptation of a chapter from his forthcoming book, "The Techniques of Becoming Wealthy," see page 82.

He found answers

My compliments on your fine magazine. I found your November issue had answers to several questions that had been in the back of my mind for nearly a year.

R. F. HELTMAN
Locomotive & Car Equipment Dept.
General Electric Company
Erie, Pa.

Fit the topics

Our company embarked upon a cost reduction program 18 months ago and has just completed training of 106 supervisors including top management at our plant. The program is designed to cover all phases of work simplification, material and overhead expenses. The lectures are two and one half hours. Participants meet twice a week for a total of 30 hours. We utilize all types of training aids.

We are now setting up follow-up sessions for the year 1963 and have found magazine articles are stimulating for discussions and must be selected to fit the topic being discussed. My research indicates your magazine contains some 19 articles which would be in line with the themes to be taught in these follow-up sessions. Would you grant me permission to use them?

J. E. HOLLIS, JR.
Better Methods Coordinator
North Carolina Finishing Co.
Salisbury, N. C.

DID YOU KNOW:

Greyhound carries packages over 1,000,000 miles a day to over 25,000 communities?

In the course of a single day, Greyhound Package Express serves over 25,000 communities, including thousands not reached by any other public transportation. This fact is of special significance to shippers faced with cutbacks in rail routes and operations, coupled with increased shipping costs and inventory control problems. In Greyhound they have not only found a shipping facility with the **COVERAGE** they need, but one that is **FAST, DEPENDABLE, FREQUENT** and unequalled for **ECONOMY**.

The acceptance and recognition of Greyhound Package Express by shippers has resulted in a healthy, rapid growth of this remarkable service within The Greyhound Corporation.



This map shows the extensive coverage of Greyhound Package Express service...more than a million miles a day, over more than 100,000 miles of routes.

Did you know: Greyhound Package Express is very often faster than any other shipping service...including air? Packages going hundreds of miles very often arrive the same day.

Did you know: Greyhound Package Express service is available 24 hours a day...seven days a week, including Sundays and holidays?

Did you know: Greyhound buses have facilities to transport more than a million cubic feet of cargo

over more than 100,000 miles of routes, daily?

Did you know: Greyhound operates a fleet of more than 5,000 buses, all of which are fully equipped to handle packages?

Greyhound Package Express could be the answer to shipping and inventory control problems of one or more of the companies with which you are associated. Clip these facts to your personal memo, and send them to the man in charge of shipping. It can make a money-saving, time-saving difference.

IT'S THERE IN HOURS...AND COSTS YOU LESS



FREE TO COMPANY OFFICIALS LOOKING FOR A NEW PLANT SITE

WE WILL PREPARE FOR YOU A CONFIDENTIAL SURVEY OF SELECTED LOCATIONS FOR YOUR NEW PLANT IN NEW YORK STATE



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TAILOR-MADE. This confidential report is not taken off the shelf. It will be prepared specifically for you, based on the requirements for your new plant as you give them to us. Send these requirements on your business letterhead to Commissioner Keith S. McHugh, N.Y. State Dept. of Commerce, Room 352K, 112 State St., Albany 7, N.Y.

Keith S. McHugh

Keith S. McHugh, Commissioner
New York State Department of Commerce

Executive Trends

- New target: less costly training
- Can we automate decisions?
- How to broaden your knowledge

Business this year will continue to search for effective executive development programs, but at reduced cost.

In a time of heavy pressure on profits it is understandable why managements are looking for ways to cut expenses.

At the same time, most firms realize it would be risky to scrap development programs altogether. The need for improving managerial skills is too pressing.

To achieve both objectives—continuation of training and reduction of its cost—some businesses are resorting to novel techniques. A few firms are pooling their programs. Others are supplanting off-the-job training with on-the-job courses, a move that curtails travel expenses, tuition costs, hotel bills, etc. For smaller, cost-squeezed organizations these items can be important.

One of the most interesting new experiments is a training plan evolved by The Connecticut Light and Power Company of Berlin, Conn. This company, in a move to build both management know-how and goodwill in its service area, sponsors week-long seminars for executives of its customer companies.

Joseph Maher, program director, says participating firms are charged \$150 for each student they enroll. (Ordinarily, programs of this type would cost about \$400 per man.)

In the program itself, emphasis is placed on planning, delegation, control and other fundamentals of the manager's job. Mr. Maher describes the program as a "short, intensive overview of the management function." Forty-five men took part in the most recent seminar, concluded

only last month. That the Connecticut experiment is proving effective is demonstrated by the fact that it is being scouted by firms as distant as Texas.

• • •

Some of the oomph may be going out of the talk about "corporate image" which was so popular a few years ago.

There are indications now that many companies are taking a somewhat more direct view of things.

Example: One executive recently asked another about his firm's corporate image and got this fast, crisp response: "Hell, we're not worried about company image. We're worried about company survival."

• • •

You soon may get a more tangible idea of how much future impact the use of computers will have on executive decision-making.

A questionnaire asking computer-wise executives what these effects will be is scheduled to be circulated at the American Management Association's Ninth Annual Electronics Exhibit and Computer Conference next month in New York.

The survey will be conducted by Gabriel N. Stilian, manager of the Association's Administrative Services Division.

Note: Mr. Stilian contributed several chapters to a new book on PERT (Program Evaluation and Review Technique). In the closing chapter, Mr. Stilian says this about much-publicized PERT planning:

"It is entirely possible that management may eventually accept a PERT-like approach for the develop-

Is Automation Really Here for Everybody?

A lot of people still seem to think that automation isn't really automation unless you have a giant computer and a room full of sophisticated equipment.

This just isn't so.

It is possible to automate one thoughtful step at a time. And sometimes that first inexpensive step gives a smaller firm all the automation it needs—with all the starting benefits automation can provide.

For instance? One machine (which costs less than most American cars) can automatically type sales and purchase orders, repetitive letters, invoices, offset printing plates, or any of the numerous other basic documents needed in the everyday operation of your businesses.

Versatile—For Business and Industry

The same machine translates human language into language machines can understand. It can be used to control a vast variety of other office machines. It can control industrial machine tools. And it can store any information and read the information back to itself, retyping automatically at 100 words a minute.

This is automation. It is automation that can be added to now or five years from now, to any desired degree of complexity, without fear of this sort of capability going out of date.

Automate—One Step at a Time

It is automation that can be handled by any reasonably alert typist in your office, often with less than one day of training. It can be put into effect without upheavals in your procedures or in personnel. It can increase productivity so strikingly, with such little cost, that you should not go another day without investigating it fully.

To see how easily you can step into the long-term, demonstrable benefits of automation, call your local Friden Systems Representative. Or write: Friden, Inc., Dept. NB, San Leandro, California.

Ask for a free copy of our booklet: Some Basic Facts About Basic Automation.

See the number circled below?

PREMIUM RATE SHEET
MUTUAL TRUST LIFE INSURANCE COMPANY

POLICY NO. SPECIMEN		PLAN 308		AGE 30	
EXT. /	PREM. / W	TOTAL PREM.	LIFE	EXTRA	EXTRA
ANNUAL	10. C	23.47	234.70		
W. P.	10.	.69	6.90	W. P.	
D. I.				D. I.	
FACTORS			241.605	ANNUAL	
SEMI	51.5		124.42	SEMI-ANNUAL	
QUART	26.25	241.605	63.42	QUARTERLY	
REG. MO.	8.84	241.605	21.36	REG. MONTHLY	
SPEC. MO.	8.6	241.605	20.78	SPEC. MONTHLY	

1641

It's the only thing typed manually on this insurance company rate sheet



A FRIDEN COMPUTYPER® COMPUTED AND TYPED THE REST!

Gone is the tedious and time-consuming task of computing premium rates at Mutual Trust Life Insurance Company of Chicago.

In its place is a Friden Computyper—the tape-reading machine that computes and types all kinds of statistical forms at the speed of 100 words a minute. Error-free, of course.

Says Mutual Trust: "Statistical data on all our policies is stored in re-usable punched cards. To compute a policy premium, the girl just inserts the proper card into the Friden Computyper, enters the face amount of the policy, and the machine does the rest—figures annual and quarterly payments, agent's commission—the works. With this machine we have hit a new high in the number of policies we get out each day."

The Friden Computyper is ideal for preparing invoices, purchase orders, anything that involves figurework. To see how one fits into your paperwork picture, call your local Friden Systems man, or write: Friden, Inc., San Leandro, California.

This is practical automation by Friden—for business and industry.

Friden

Sales, Service and Instruction Throughout the U.S. and World

LOST SOMETHING?

As a businessman, you could lose plenty. Through accident, burglary, malicious mischief, lots of ways. When something like this happens you file an insurance claim. And when you file an insurance claim you want action. One more reason to choose Insurance Company of North America.

INA claims service is fast. The reason is people. INA maintains a claims organization of nearly 1800 people, with 916 full-time claims representatives, in 123 cities in the U. S. and Canada. Overseas, INA is almost everywhere in the free world. You could file a claim in Hong Kong and get home town service.



INA claims service is fair. You file your claim with an agent you know—most likely the man who sold you your policy. And here's a comforting thought: INA has appointed over 2200 qualified attorneys or law firms who may be called upon to act in behalf of INA policyholders or the company.

Phone your broker or INA agent. Tell him you've read some claims about INA claims. He'll probably come up with some more.



**INSURANCE COMPANY
OF NORTH AMERICA**

World Headquarters: Philadelphia

EXECUTIVE TRENDS

continued

ment of a universal management information system—one that will give the individual executive a formalized, meaningful approach to the integrated and precise management of those functions for which he is responsible.

"The PERT system can be used . . . to design a production line or a production process for the 'manufacturer' of a market research study, in marketing; a design for a new product, in R & D; a conversion project or an equipment installation, in manufacturing; a computer installation, in finance; an office move, in the administrative area; a manpower analysis, in personnel; or any number of other 'managerial products.'"

You've heard business forecasts for 1963 from many quarters. Here's one from an unusual source—17 students of the Stanford University Graduate School of Business.

The students recently finished a month-long analysis of the economic outlook as part of a class assignment. They predict: Sparked by consumer spending, the nation's economy will advance steadily over the next seven months.

Factors identified by the students as supporting continued business improvement include record automobile production, the "lean" inventory position of business, and continued growth in government spending.

Does a woman's sex seriously block her advancement in business?

Clark Caskey, program director for the Bureau of Industrial Relations, University of Michigan, asked that question of 23 female executives who participated in a recent leadership seminar at the university.

Result: About half of the women said they feel that being a female is an obstacle to getting ahead in management. The others, Mr. Caskey says, either don't rate it as a big impediment or keep too busy to let the problem bother them.

The Michigan seminar drew top-ranking women executives from all over the United States.

Instructors found the women did exceptionally well in the use of case-method role-playing, a more or less standard feature of development programs. They also discovered that

the women described "sensitivity to the feelings of others" as an important on-the-job advantage enjoyed by members of their sex, but that most rejected the notion that job should come ahead of family.

Item: With women assuming increasing importance in a skills-short work force, your company may want to do more checking into the fuller use of womanpower. A new booklet which could help you plan is "Women Workers—Geographical Differences," available from the Government Printing Office, Washington 25, D. C., at 15 cents a copy.

Your success as an executive, and as a citizen, can be enhanced if you broaden your knowledge of the qualities which have given impetus to our nation's development.

Aware of this fact, some companies spend many thousands of dollars to underwrite mind-flexing courses for their managers. In such courses hours often are spent in readings and discussions of the historical and cultural forces which have influenced American society.

You can attain many of the benefits of such programs by reading a new booklet, "Qualities of Victory—Leadership Guide for Americans in an Era of Challenge." Now available from NATION'S BUSINESS at \$1.50 a copy, the 64-page booklet includes all 10 articles in the popular "Qualities of Victory" series which originally appeared in this magazine.

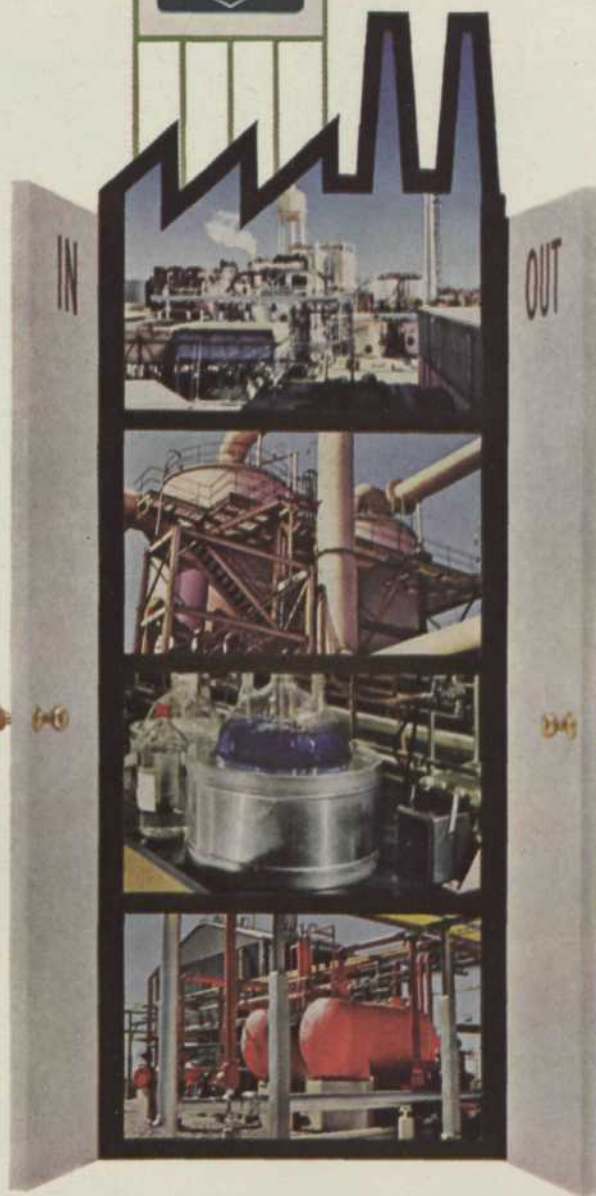
The articles were written by prominent Americans, including Capt. Eddie Rickenbacker, Dr. Henry M. Wriston, former U. S. Senator Ralph E. Flanders and Marine Corps Commandant Gen. David M. Shoup. They discuss courage, individualism, responsibility and patriotism—qualities which helped make America great and are needed no less today than when our country was in its infancy.

Do you have any young men in your company promising enough to be sent on a 12-month company-financed sabbatical?

If so, you still have time to submit their names to the Alfred P. Sloan Fellowship Program at the Massachusetts Institute of Technology. The program is the only year-long university course of its type in the United States. Deadline for applications: Feb. 15.

Peter Gil, program director, says M.I.T. is especially eager to draw
(continued on page 21)

Stauffer
CHEMICALS



BETTER WORLD BY STAUFFER / INSURANCE BY NORTH AMERICA

Wonderful world of chemistry gets world of wonderful protection

Today's woman may not admit it, but much of her dazzle comes from man's ingenuity with chemicals. Stauffer Chemicals, for example, helps clothe her, refresh her, beautify and feed her. Stauffer puts the fluff in her cakes, the "psst" in her sprays, the muscle in her tires.

This kind of diversification has made Stauffer Chemical Company a leader in its field for more than 75 years. Insurance Company of North America has made "diversification" an important word in business protection, too.

INA, insurer of thousands of American businesses, including Stauffer—offers any number of diversified coverages. This way, protection fits your exact needs. No more, no less.

Why not put INA's experience, flexibility and more than \$1 billion in assets to work for your business? And while you're at it, ask your INA agent or broker about thrifty "package" protection for your home, health, car and life. You'll be pleasantly surprised by INA's simplicity and economy.

INSURANCE COMPANY OF NORTH AMERICA

World Headquarters: Philadelphia



The Baja Run!

(WHERE, IF YOU THINK YOU BUILD
A TOUGH TRUCK, YOU FIND OUT!)



To show the strength and value of new '63 Chevrolet truck engines, frames, suspensions and narrow front ends . . . we took on and whipped the toughest run under the sun—Mexico's Baja (bah'hah) Peninsula!

These are pictures of the trek down the peninsula—a thousand miles that seemed like a million. This part of the trip took 17 days.

Below Ensenada, only 140 miles from the border, the road turns into a winding trail studded with rocks and hard-baked ruts that bang, punch, jab and jerk the trucks from stem to stern.

Loose sand makes them struggle and strain. Dust chokes them. Heat

roasts them. Rivers drench them. It's nature's proving ground for trucks—bearing no resemblance to the modern highways on the Mexican mainland.

The expedition was self-sufficient—all food, water, fuel and other supplies were carried.

The farthest distance covered in any one day was 200 miles in 19 hours; shortest was 32 miles in 9 hours. Highest temperature encountered was 122 degrees F. at Chapala Dry Lake;

maximum elevation was 5,000 feet.

The trucks performed magnificently. Each day's run was completed on schedule. No major mechanical difficulties were experienced. The trip helped to prove that 1963 Chevrolet trucks are the toughest, best-performing units we've ever built.

See these quality trucks now at your Chevrolet dealer's.

Chevrolet Division of General Motors, Detroit 2, Michigan.

Round trip from Detroit to the bottom of Baja California, Mexico, is over 8,000 miles. Here are pictures of the toughest part of the run.



Entering El Rosario, second day out. The road's beginning to worsen. We see a few trucks, people on burros or horseback. The worst, we know, is yet to come.



We creep along for hours in low gear. This road makes you appreciate good suspension systems. Look at that left front wheel feeling its way over the ruts!



Dust and more dust. We space out more so we can see better. Oh, for a good crosswind. And a bath. The trucks could stand one, too. Wishful thinking.



Slow, weary going. Try to make time here and you're asking for trouble. If this isn't a test for frames and sheet metal, nothing is. Tight squeeze up ahead.



Dry Lake. Dry is right. And hot. It's 122 degrees F. The trail has disappeared here, but the guide knows where he's going. Trucks just keep rolling. No trouble at all.



Water. Fast and deep. A bridge builder would go broke down here. The rocks on that river bottom are the size of melons but everybody makes it across.



Need a shoe horn here but the big trucks make it. The narrower front ends pay off (up to 7" narrower on conventional medium- and heavy-duty units this year).



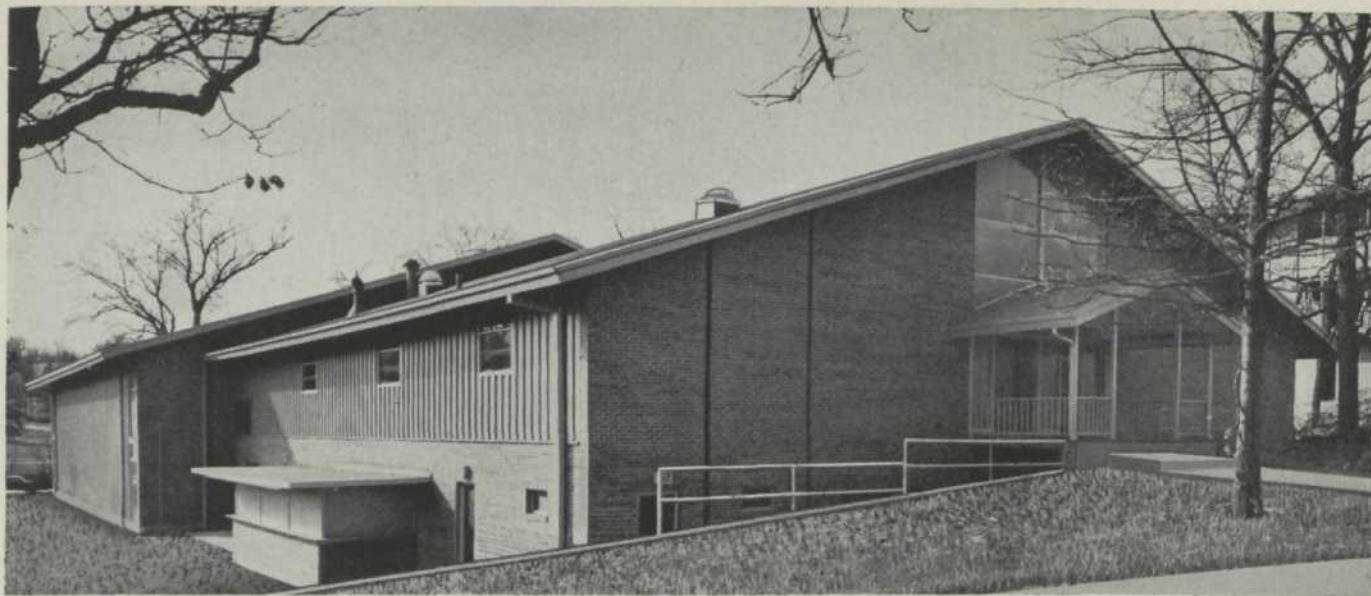
Hope nobody's coming the other way. Brakes are getting a good workout. Shifted gears 17 times in the last 10 minutes. We creep along to be safe.



Not far from La Paz now. The country's beginning to flatten out. Then on to Cabo San Lucas at the tip. It's been a hard trip. We know these trucks are tough.



The "new reliables..." '63 Chevrolet Trucks



Pembroke Country Day School Gymnasium, Kansas City, Missouri. Designed by Edward Tanner and Associates, Kansas City, Missouri.

A short course in beautiful buildings built within your budget

The Butler building system makes it as easy as ABC to achieve the building you prefer within your means.

- A. A wide selection of pre-engineered components gives you maximum design latitude on a modest budget.
- B. Mass-production techniques and rigid quality control assure you a better building at lowest cost-per-year.
- C. Fast erection and a built-in expansion system conserve both initial and future capital.

Once knowledgeable about the Butler system, you can propose far more functional beauty than taxpayers would ever expect for the money. Especially if a gymnasium, auditorium or swimming pool is under consideration.

You see, our system is based on a rigid frame structural skeleton and a tight metal roof, providing your architect with remarkable freedom within a limited budget. Clear-span interiors up to 120 feet wide. Your choice of the three most appealing curtain wall systems ever offered for pre-engineered buildings—two of them factory-insulated. Durable factory-applied color-coatings double in beauty and maintenance-free protection. Precise fabrication for a tight seal against the



Fort Smith Girls Club Pool, Fort Smith, Arkansas. Architect: Kenneth F. Cockram, Fort Smith, Arkansas.

weather. More beauty, more space and many money-saving advantages which can be achieved only on the Butler production line.

See how big a limited building budget can look when you turn to Butler pre-engineering! Call your Butler Builder for the full story. He's listed in the Yellow Pages under "Buildings" or "Steel Buildings." And when you call, ask about Butler's finance formula for progress. Or, write direct.



BUTLER MANUFACTURING COMPANY

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Sales Offices and Dealers Nationwide

Manufacturers of Metal Buildings • Plastic Panels • Equipment for Farming, Transportation, Bulk Storage, Outdoor Advertising • Contract Manufacture



Keystone Consolidated School, Keystone, Iowa

EXECUTIVE TRENDS

continued

participants from the Midwest, South and Western areas of the country, regions which to date have not been as well represented in the program as has been the populous East Coast.

To qualify, a young manager must be nominated by his company. He should be between the ages of 32 and 38 and should be deemed to have superior possibilities for advancement. Companies whose applicants are accepted pay \$3,900 toward the academic year and are expected to continue the participant's salary. The Sloan Foundation pays each Fellow \$1,000 and defrays some expenses.

This year's 45 Sloan Fellows will undergo a rigorous program of business education, including field trips to New York, Washington and foreign capitals. The program begins in June.

• • •

Stronger selling efforts could be a critical factor in your company's success in the months ahead.

There's agreement on this in many quarters.

Kenneth B. Haas, professor of marketing at Hofstra College, Hempstead, N.Y., says recent appraisals he's made of retail salesmanship in the New York area have revealed disquieting results.

"There are only two stores that measure up to the selling techniques of the 1930's and 1940's," Prof. Haas declares. He adds that all too often he has encountered sales personnel who were "disinterested, perfunctory, abrupt, supercilious, disrespectful, or uninformed."

Who's to blame? Prof. Haas blames management, says sales people pick up some of their business-repelling traits from their supervisors.

• • •

What characterizes a successful marketing manager?

The Stanley Works, New Britain, Conn., which studied careers of its own outstanding marketing executives, reports:

Successful marketing men have a driving desire for achievement and an awareness of the personal price they must pay for getting ahead.

A Stanley spokesman says: "Give young men a chance to be proud of you, proud of their company"—in short, capitalize on the enthusiasm of youth.



Roger V. Loria of V. Loria & Sons, bowling supplies

Why Roger V. Loria uses a postage meter to mail 14 letters a day—

"Mail is incidental in a business such as ours. And that's why we put in this little Pitney-Bowes postage meter. It frees us from the bother of buying and storing and sticking stamps and inefficient pre-stamped envelopes. I was skeptical about a postage meter at first, but the longer we have it, the more we like it."

Maybe mail isn't a big thing in your business, either. But you can still have the big-business benefits of metered mail—with Pitney-Bowes DM, the little low-cost postage meter machine made for small business. Over one-third of DM users average less than \$1 a day in postage!

You're through sticking stamps! And safeguarding fragile adhesive stamps in a stamp box. And running down to the postoffice when you run out of stamps. Metered mail needs less handling in the postoffice, can often go out on earlier trains and planes.

With the DM, you print postage as you need it for any class of mail

— directly on the envelope, or special gummed tape for parcel post. At the same time, print your own small ad, if you want one.



The postoffice sets your meter for as much postage as you want to buy. The meter protects your postage from loss, damage, diversion; gives you automatic and accurate postage accounting; double registers show postage used, and postage on hand.

Powered models for larger mailers. Ask the nearest Pitney-Bowes office for a demonstration of the meter you need—149 offices in U.S. and Canada. Call today.

FREE: New booklet, "8 Questions to Ask Yourself About Your Use of the U.S. Mails" plus handy chart of latest postal rates.



Pitney-Bowes

Originator of the
POSTAGE METER

PITNEY-BOWES, INC.
1338 Pacific St., Stamford, Conn.

Please send free booklet and postal rate chart.

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Address _____

City _____ State _____

Specify Air Express always—for shipping or receiving. Call your REA Express office for Air Express service.



Bureaucrats' escape hatch: If caught, blame the press

BY MERRIMAN SMITH

ALONG WITH THE RETURN of Congress and brave resolutions for the New Year, 1963 in Washington and across the nation undoubtedly will see intensification of the debate over freedom of information.

Essentially this is a question of how open our society should be in an era of near-mortal contest for world supremacy between communism and freer forms of government and thought. Refined a bit more, the question becomes: How much should the public know about the inner workings and policies of government?

President Kennedy is wise enough to know there never can be an answer satisfactory to all concerned, but there is a disturbing question of how far some of his subordinates think they should go in determining the extent of public knowledge.

Any manufacturer who has guarded carefully the secret of a new product until ready for presentation to the public knows well the necessity for holding back certain details of design and policy planning. So it is, to a much more terrifying extent, with certain operations of the government, particularly in the military field.

Logical, to be sure, but there remains cause for uneasiness when we learn of public officials deciding loftily and sometimes unilaterally, in the face of policy determined at the White House quite to the contrary, that the public should be informed partially.

Also, there is galling conflict between the need to know and the right to know. It is justifiably annoying to many Americans when certain public servants confuse the need and the right.

By now it has been rehashed many times how at one point prior to Oct. 22, when the President announced the Cuban blockade, more than one member of the Administration favored harder, as well as softer approaches to the missile problem. Once the decision was reached, those who had differed closed ranks and energetically supported the chief executive.

What happens, however, when one of his confidants goes to a chi-chi dinner party a few nights

later and broods about his recommended course of action having been sidetracked? What happens when this fellow suddenly tells his friends the story?

What seems to have been happening in some official circles during recent months is this: When caught in decent but ill-advised exposure, blame the press. And in this case, "press" means the printed word—daily, weekly, monthly.

If you are the offended (and guilty) party, race across the land crying out injustice, misrepresentation, misquotation—and when all else fails, claim no knowledge whatever of the situation in question. Speak deplorably of "the press." This, in turn, perks up the interest of television interviewers who, even on stations owned by newspapers or magazines, delight in applying the strap to their counterparts of the printed media.

To be sure, there are too many instances where the wounded is justified in claiming injustice, misrepresentation and misquotation. And to correct this situation, there is nothing more effective than a simple, straightforward account of what really did happen, a verbatim account of what really was said.

Naturally such proof could not be offered in the case of the National Security Council and Cuba.

The NSC affair relates to the over-all matter of freedom of information because the case flared into the open after weeks of difficult relations between the Administration and the press, this time including the broadcast industry, as well as printed media, over access to news about American countermoves in the Cuban crisis.

Some of those in the President's circle reacted far more defensively than the situation justified. Smaller or lower echelon bureaucrats with absolutely nothing to do with the Cuban crisis began to hold back information on purely domestic matters.

Finally, the President sensed that the downhold on information had lingered perhaps beyond the point of crisis-necessity and ordered a let-up.

But he has not heard the last of this situation. Certain elements of Congress will remind him of it from time to time this year, and undoubtedly he will relay their greetings to those who have talked him into difficult positions.

Merriman Smith is White House reporter for United Press International and author of the recent book, "The Good New Days."



stretch



run



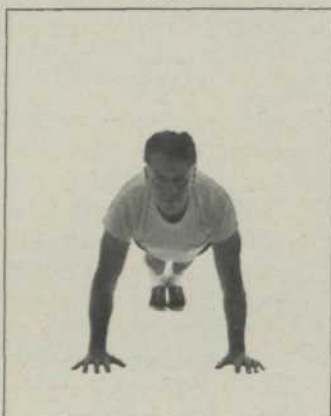
bend



twist



squat



push-up



pump



sit-up



Or get the same results by sitting .

For too long, physical fitness has been synonymous with gritting teeth, straining muscles, reddening faces, and muttered curses. That's understandable if you had to do all the above exercises separately.

Although you and every member of your family require exercise every day (ask your doctor, if you don't believe us), you can make it a pleasant experience.

Just sit down on the Exercycle, the family exercise machine. Switch it on. And select

the daily interesting program of exercises tailored to your needs. You'll exercise all your essential muscles, stimulate your circulation, improve your appearance, and help work off everyday nervous and emotional tension. In as little as 15 minutes a day. Quite a machine.

For a free, no-obligation demonstration of how the Exercycle works and what it can do for you and your family, fill out the coupon and mail it to us today. Or ask for free, interesting literature on the **EXERCYCLE®**.

(EXERCYCLE® and ALL-BODY ACTION are trademarks identifying the exerciser made by the Exercycle Corporation.)

Free Ride • Free Booklet

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The pursuit of happiness — breakfast in bed?

BY FELIX MORLEY

IN ALL THE TALK about the Image of America, one reliable way of defining it at any given moment is strangely overlooked.

The lures advanced by foreigners who seek American money are obviously tailored to our national image as seen by them. The overseas merchant, in competition for American patronage, naturally offers what he thinks we desire most. Any national image is best delineated by the sum and scale of what a people demonstrate they want.

Of course, the estimate of this may be mistaken and if so, in a free market, the seller will soon be out of luck. But what the foreigner puts in his showcase for American consumers is nevertheless always determined by his judgment of what will most effectively make them customers. This does not mean that the wares pushed forward will necessarily be flattering to our self-esteem.

A case in point is seen in a current advertisement by a famous European steamship company in behalf of its "Happy Ship" cruises, from New York to the Caribbean. The pursuit of happiness, clearly, is to the shrewd Dutch management of this line both the central and dominating feature of the American image. None of us is likely to deny the accuracy of this diagnosis. Is not "the pursuit of happiness" defined by the Declaration of Independence as one of our "unalienable rights"?

It is not the end, but the means suggested for catching the elusive sprite of happiness that makes this cruise advertisement somewhat startling. "Scores of activities," all assertedly conducive to contentment, are listed. And the prospective passenger, to "lush Caribbean ports" (Havana omitted), is invited to take his shipboard pick.

Presumably, the attractions offered collectively compose the image of America, as seen by hard-headed Hollanders at this moment of our history. The first three items are Steam Baths, Breakfast in Bed, Cocktail Lounges. Since the arrangement is not alphabetical the order is presumably that deemed of

importance to prospective clients. The list goes on, through Deck Chair Snoozing, Masquerade Parties, Professional Night Club Revues. Item No. 17 is Bingo Parties; No. 21 is Gin Rummy Tournaments, followed closely by Beauty Salon, Night Owl Clubs, Late Risers Breakfasts and Champagne Hours. Logically it would seem that the natural order of the last two has been reversed.

Finally, at the very bottom of the final column, respectfully following Tea Dansants and Jousting Contests, comes the attraction presumably reserved for those too senile or jaded for more vital activity. It is Religious Services.

Certainly there has been quite a change in the American image since that early winter cruise which brought the Pilgrims to these shores, in 1620. On the *Mayflower*, which was not regarded by its pas-

BETTMANN ARCHIVES



Mayflower's passengers persevered in storm-tossed voyage by keeping their goal in mind and trust in God

sengers as an unhappy ship, there were no cocktail lounges, no champagne hours, no breakfasts in bed. There was, however, as William Bradford makes clear in his "History of Plymouth Plantation," a plethora of religious service. It was so strong as to

TRENDS: STATE OF THE NATION

be almost mutinous. When the captain wanted to turn back, because of the battering by stormy seas, his passengers "committed themselves to the will of God and resolved to proceed."

Bradford, who was for thirty years the governor of the colony, has left us an unforgettable account of that first winter, when it was touch and go as to whether any would survive:

"... in the time of most distress there were but six or seven sound persons who, to their great commendation be it spoken, spared no pains, night nor day. But with abundance of toil and hazard of their own health, fetched them [the sick] wood, made their fires, dressed their meat, made their beds, washed their loathsome clothes, clothed and unclothed them; in a word did all the homely and necessary offices for them which dainty and queasy stomachs cannot endure to have named, and all this willingly and cheerfully, without any grudging in the least, showing herein their true love unto their friends and brethren—a rare example and one to be remembered."

Although we ourselves are prone to forget this unromantic image of America, it is indeed "one to be remembered"; never more so than at a time when the picture we project to others is that of a people who think that luxury is the main road to happiness.

There is, unfortunately, much evidence for that conclusion. The leaders in the Kremlin, studying our folkways, are scarcely to be blamed if they surmise that our society has become as decadent as that of Babylon and Rome before us.

They too would put religious services last on their list of desirable activities. But in place of the church, communism has built a fanatical faith for which its devotees are willing to sacrifice themselves as well as everyone else. It is the will to sacrifice oneself for others, as Governor Bradford emphasized, that is the basis of the Christian faith.

To add religious service as a sort of afterthought, in a seductive vacation program, is, however, of more significance than if the item were left out entirely.

Its omission would raise no eyebrows, for in our national image today there is certainly little of the stern puritanism which gave New England strength to survive an arduous infancy. So the inclusion, even at the bottom of the scale, is revealing. It discloses the lingering belief that faith in Divine Authority still plays some role in American life, even in the environment of a vacation cruise.

The same holdover from our traditions is seen, much more broadly, in the widespread disgust with recent Supreme Court decisions which seem to question the constitutionality of any religious observance in the public schools. The legal definition here is still to be clarified, in cases now pending. And it seems unlikely that the Court will attempt to throw prayer out completely, as long as even our coinage proclaims: "In God We Trust."

The underlying issue, of course, is what will take the place of religious observance, if it no longer has any place in our public schools and is at the bottom of

the list of desirable vacation activities. The vacuum created in traditional American life will certainly be filled by something. What will it be?

Disturbing indications of the answer are all around us. As prayer is eliminated from the schools, there is increase of insubordination, vandalism and juvenile delinquency. As churches follow their wealthy parishioners to the suburbs, the sections they desert show moral as well as physical decay. As people abandon the Bible, pornography becomes a best-seller.

Nor is this last merely for the semi-literate, in paperbacks. A new magazine, addressed to the "intelligentsia," expensively produced, costing \$6.25 per issue, announces that it is "frankly and avowedly concerned with erotica." It seeks "to free the healthier instincts of a nation still suffering from the baneful effects of puritanism."



Precisely what are these "baneful effects" which, it is now proclaimed, were brought like Japanese beetles to America aboard the *Mayflower*? When we denounce puritanism, at what are we really striking? The objective definition of the New England historian, John G. Palfrey, will help us to understand.

"The Puritan was a strict Moralist. He might be ridiculed for being overscrupulous, but could never be reproached for laxity. Most wisely by precept, influence and example—unwisely by too severe law when he obtained the power—he endeavored to repress prevailing vice and organize a Christian people. . . . If he construed his duties to God in the spirit of a narrow interpretation, that punctilious sense of religious responsibility impelled him to limit the assumptions of human government. In no stress of politics could a Puritan have been brought to teach that, for either public or private conduct, there is some law of man above the law of God."

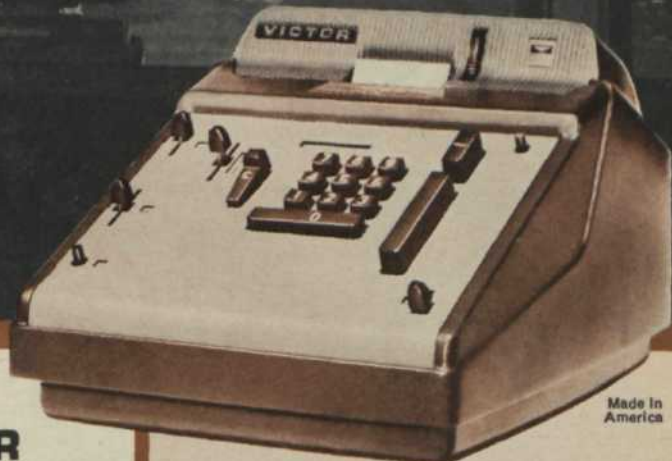
It has been said that the doctrinaire communist, who tolerates no deviation from the party line, who cannot be "reproached for laxity" in pressing his creed, is a modern counterpart of the New England Puritan. This is to ignore the inner core of puritanism, which was its abiding faith in divine rather than mundane authority. The grim determination of the simon-pure communist is exercised in behalf of political, not religious, tyranny. The latter has never long held sway over the minds of men.

In the prevalent revulsion against puritanical self-discipline there is grave danger that we shall condemn also its underlying religious faith. And, since self-discipline is essential to self-government, this means that we are unconsciously inviting more and more centralized dictation from Washington. In the aphorism attributed to old Ben Franklin, who was certainly no Puritan, "Men will either be governed by God, or by God they will be governed."

It is because we want freedom without the necessary acceptance of personal responsibility that the image we show the world is so cloudy today. In their effort to garner the dollar potential from that image the Dutch shipowners do not altogether exclude "religious services." But they consider that our pursuit of happiness runs first to cocktail parties and breakfast in bed.

Happily, again, that may be because neither form of recreation is yet habitual for most Americans.

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'63

This will be a fateful year for the nation's economy. Events of the next 12 months will influence the destinies of 4.8 million private businesses and more than 72 million managers and workers. These same events will also shape the strength and character of the competitive enterprise system for years to come.

Nineteen sixty-three will bring pointed questions:

- Will the economy grow at a faster or slower pace?
- Will government help or hinder business progress?
- Will profits rise or fall?
- Will competition force changes in pricing strategy?
- Will pressures on business costs abate or intensify?

Your company, whatever its size, has a critical investment in the challenges the questions symbolize and the manner in which these challenges are met.

In five articles which follow, Nation's Business examines forces affecting American business and indicates the direction in which they are likely to move in 1963.

'63

U.S. GROWTH: FASTER THAN FIGURES SHOW

Backers of federal programs often cite indicators
that do not accurately reflect our real progress

THE U. S. ECONOMY will grow faster in 1963 than numbers tell us.

This points up the fallacy of justifying public growth policies with numbers alone.

The Eighty-eighth Congress faces a pattern of national business trends widely regarded as less than satisfactory.

Such trends are cited in support of political proposals aimed at enlarging bureaucratic involvement in business affairs—accompanied by expansion of federal programs and massive new doses of government spending.

Economic growth will also be a major factor in this year's decision on whether tax cuts are needed.

This makes timely the consideration of two important questions:

1. What is national economic growth?
2. How can we best promote it?

The first relevant consideration is the truth that growth cannot be measured by physical yardsticks alone.

A child may grow by inches in a year. But the increase in height does not take into account the child's growth in terms of education, skills, and maturity.

It's the same with our economy.

As income rises, the numbers that measure our national economic health also go up. We are said to

have economic growth. When the numbers decline, we are told we're in a business recession. Failure of the numbers to rise by some stated percentage standard is called economic stagnation. Growth appears to be faltering.

Yet the economic well-being of the nation is not measured accurately by the numbers currently in use.

A boy in college, for example, contributes little to national economic growth so long as he is a student. If he leaves college and gets a job, he makes an immediate contribution to economic growth—as measured in America.

Studies of the incomes of college graduates compared with the incomes of nongraduates show clearly that, even on a monetary basis, to say nothing of the personal and cultural rewards for the time spent, a college education is a good investment. This investment in time and effort, for the long run, makes a larger economic contribution.

This is not an insignificant factor in the growth pattern of 1963. School enrollment has gone up 20 per cent in the past five years. The percentage of males 18 and older still in school has risen about a third in the past 10 years, and the number in colleges and professional schools has gone up nearly 50 per cent.

It is a pathetic and ironic twist that these college

students—by theoretical number considerations alone—could add more to economic growth in 1963 by dropping out of school and taking jobs.

If a business executive wins a pay raise, the nation's total income rises.

That's called economic progress. If the same executive leaves his job, say, to become a college dean at less pay, his lower income shows up as a decline in the national statistics. So numbers tell us we're in a business slide.

The same sort of thing happens when an executive retires. Retirement pay adds less to the nation's total income.

But, is the nation necessarily less well off because a man retires? This is one of the fallacies of measuring progress the way we do.

When a man gets sick and spends extra money in a hospital, he contributes to national growth—as measured in America.

Many advances in the national economy are reported as retrenchment. If industry, for example, replaces a million tons of 30,000-tons-per-square-inch steel with three quarters of a million of 50,000-tons-per-square-inch steel, the national production index drops off. Economic growth, as we refer to it, declines—even when the volume of construction or of equipment served actually goes up.

The steel industry adds at least five per cent a year to the productivity of each pound of steel by turning out stronger, thinner, or more durable steel year after year. It's better steel. But this kind of progress is not measured when we look only at the tons we produce.

Yet a rise in tonnage of, say, two per cent—even of a poorer grade of steel—would show up as a gain for national economic growth.

Numbers do not count many things that are important to our growth, and many things that numbers do show are unimportant for healthy growth.

While a college student working to improve his competence is not credited in our scheme of numbers with contributing to national growth, neither is the improvement in the quality of the things we produce measured and reported as a contribution.

The story is similar for other cultural activities. Nothing contributes except to the extent that money changes hands. A phonograph record bought for \$3

and played but once contributes as much to progress in numbers as another \$3 record that is played 50 times. Only the dollars count.

Our system of numbers crudely represents reality. Because of changes in quality, design, nature of products, it fails to measure physical output accurately. And even if it could, total physical production is not necessarily the best clue to economic and cultural growth. Production may have been the most useful index for measuring what happened in the second half of the past century and perhaps even in the first third of this century. But this does not mean it is the best index for measuring what is happening today.

It is even more questionable that production will be the best index for measuring growth in the future.

Growth, as currently gauged, is largely a result of spending money to increase productive capacity. If all production were consumed by households, productive capacity would not increase at all. Thus, to grow more rapidly the U. S. could simply direct more investment into plant enlargement.

But is that what we really want? If we want to grow for growth's sake, we could produce, say, six million tons of steel a year to be put into boosting our steel-making capacity. The figures might look good, but as a nation we might not be any better off.

Take wheat, for example. We could easily increase the amount of wheat we produce. But that doesn't mean we'd be better off. We already produce a surplus.

Real economic growth is found in consumption. Consumption is continually changing. In the early stages of U. S. history, farm output and output of the handicrafts were important. Then transportation assumed increasing importance, followed by distribution, power-driven mass production, then science, art and leisure.

Growth goes forward in several ways at once. As a child's body grows, so does his mind. Similarly, in the economy several things may grow at once, although the emphasis changes.

Our forefathers measured their farm output. Today leisure, vacations, schools, art and culture are getting more attention.

Growth, therefore, should be measured in terms of what it produces and in terms of what is important at the time. This (continued on page 77)

Best growth gauge:
Whether people are
getting enough things
they need and want

'63

Authorities forecast: **PROSPECTS FOR KENNEDY PROGRAM**



PIX

WILL THIS BE John F. Kennedy's golden year, a time for quick success on Capitol Hill?

Or will the new Congress measure and weigh each administration proposal, then stamp most of Mr. Kennedy's program unacceptable?

The Kennedy Administration is now midway in its first term. The executive branch is about to grapple with the legislative branch in another lawmaking test.

The President will be proposing and the Congress disposing on somewhat familiar ground. The Administration's philosophy and broad aims are known to the lawmakers. The Congress, mostly the same faces again, will be predictable within limits.

But momentous events have crossed history's stage since the Eighty-seventh Congress moved toward adjournment. These events—crises in Cuba and Mississippi and midterm elections—may have considerable impact on what statutes

are written in the two sessions of the Eighty-eighth Congress.

To bring the legislative future into focus, NATION'S BUSINESS talked with experts in government, men who plan the White House congressional strategy and political scientists around the country who are far enough away from the Washington political forest not to be confused by individual legislative trees.

Unpredictable as politics is, some meaningful conclusions can be drawn when the many factors that will influence the next two years of government in Washington are balanced one against another.

"President Kennedy is now in as strong a position as he will know," says Clinton Rossiter, professor of government at Cornell University. "This could be his golden year."

"He gained new prestige from the Cuban crisis and did better than predicted in the election. But this year will not be pure gold. The compromises will be many."

Says Earl Latham, professor of political science at Amherst College: "Kennedy's second biennium will be distinctly different from his first. He has demonstrated a national leadership. The members of Congress will be more tractable because their fortunes are tied to Kennedy's in the 1964 election. And he has shown some of the elements that fill out the contours of a strong, wise and compassionate leader."

But as Alfred de Grazia, professor of government at New York University, points out:

"The Administration will find new critics around the country now. Nelson Rockefeller will be going national. George Romney and Barry Goldwater will be heard in the Midwest and West. Furthermore, Kennedy is unpopular in much of the South."

"On the proposals the Administration will make to Congress, the postulated needs of the few are too often the presumed needs of the

These well known political scientists size up the strength of the Administration at mid-term and predict the kind of reception it will get from the new Congress

PHOTOS: WARD, LOCKWOOD, ANTHONY, MASSAR—BLACK STAR



Evron M. Kirkpatrick
American Political Science Assn.



Alfred de Grazia
New York University



Peter H. Odegard
University of California



Earl Latham
Amherst College



Clinton Rossiter
Cornell University

many. The Eighty-eighth Congress will not give Kennedy all he wants."

Peter H. Odegard, professor of political science at the University of California at Berkeley, believes Mr. Kennedy will have problems dealing with the new Congress equal to his trials with the old, "which was an impossible job." He notes that the President won approval of less than half of the legislative proposals he made.

A quick look at a few important statistics:

In the House of Representatives, which will be the main legislative battle area, only 38 of the 67 new members are expected to oppose the more liberal type of legislation compared with 40 members last session. This indicates a gain of two House votes for big government, at least in the judgment of some analysts.

In the Senate, Democrats overbalance Republicans two to one.

But the influence of individual

members is often greater than the single vote they possess when the roll is called. As George Grassmuck, associate professor of political science at the University of Michigan, notes:

"Clarence Cannon (House Appropriations Committee chairman) Howard Smith (Rules Committee chairman) and Harry Byrd (Senate Finance Committee chairman) will be back, determining policy. The lack of Democratic leadership in both Senate and House means committee chairmen are the real leaders. They will raise strong voices for economy." These three Washington veterans can be counted on to wring many a compromise from administration supporters.

Professor Latham suggests that the election results, which ran counter to the prevailing pattern in the Twentieth Century, will put the Administration in a stronger position to get what it wants. But Evron M. Kirkpatrick, executive

director of the American Political Science Association and former professor of political science at the University of Minnesota, sees it another way:

"Many of the seats that would normally have been lost in 1962 were lost by the Democrats in 1960. More Democrats might have lost in '62 but for the Cuban situation," which probably tended to help those in office of both parties.

Laurin Henry, a Brookings Institution political scientist, predicts:

"When we look back on the Eighty-seventh and Eighty-eighth Congresses 10 years from now, I think the early '60s will be seen as a spawning period for federal programs in areas not known before, in cultural affairs, urban problems and social problems such as juvenile delinquency."

Certainly the Kennedy Administration envisions the role of the federal government in considerably

(continued on page 42)

'63 OUTLOOK FOR



Companies will make maximum sales effort, but higher taxes can hold profits down

Here's preview of four factors that will shape earnings trend

PROFITS are nearing a significant turning point.

If business follows the high route, look for a rise of as much as four per cent in the year ahead.

The other route leads to a sure decline in profits, with downward estimates ranging as much as 10 to 15 per cent.

Which will it be?

That's a major business question haunting executives, economists, and those in government who estimate revenues and spending.

For a meaningful and reliable guide to the future, economists are looking at four forces that will have a bearing on profits in 1963:

1. Impact of taxes.
2. Price trends.
3. Cost increases.
4. Sales volume.

Analysis of these factors will help you judge the next turn in profit trends.

Tax collections in 1963 will significantly affect profits—whether or not Congress votes a reduction in corporation income tax rates, which President Kennedy will request. A rate cut would, of course, have an important effect on profits.

Other taxes will also have an effect. Some of these will be going up.

Social security taxes, for example, go up half a percentage point this month. A maximum tax of \$174 per employee will be collected, a rise from \$150 last year. Employers match employees' payments. The self-employed, whose payments are not matched, are taxed at a higher rate.

Here is the comparison to keep this tax in perspective: In the past few months the tax has been costing American business, employees, and the self-employed an average of about \$1 billion a month. Projections indicate a probable increase of at least \$200 million in the monthly average for the year ahead.

The over-all increase in collections from employers alone will approach an estimated \$1 billion for the year as a whole.

While part of the increase will come from the employment of more people, the higher tax rate is im-

PROFITS



If taxes are cut,
bigger sales volume
can mean a higher
earnings potential



portant. It means a rise in the cost of doing business in 1963 that would not have come if the taxes had been kept as they were. The increase is permanent.

Similar tax boosts will come in 1966 and 1968, at which time the cost per employee will rise to \$222.

These increases are programed to cover the cost of existing social benefits. If more benefits are voted by Congress this year or in other years ahead, you can count on further tax increases to keep the social security program from plunging deep in the red.

The long-range depressing impact on the cost of doing business is clear. The government expects to collect in 1963 more than twice the amount collected for social security in 1957. Those taxes that go into the disability program are now about three times the amount collected in 1957, although no substantial increase is anticipated for this year and only small increases are foreseen for several years to come.

Other taxes also depress profits by adding to costs.

Taxes on business to finance payments to the unemployed illustrate this. Collections were \$2.7 billion in fiscal 1961; this year they're expected to reach \$3.7 billion.

These collections include a temporary doubling of the tax rate for the federal jobless fund. From

employers, Uncle Sam anticipates collecting about \$940 million this fiscal year and \$970 million next year—compared with less than \$460 million last year.

After next year the temporary increase is scheduled to be discontinued. It may not be. The outlook for unemployment will surely bring demands that Congress extend at least a part—if not all—of the temporary tax boost. Pressure is strong for doing this. The permanent federal tax rate could also be boosted.

State tax rates for unemployment funds vary from state to state. Many of these rates have been boosted. Employers will pay an estimated \$2.8 billion this year—almost twice the total as recently as 1958. There is no reduction in sight for the cost of these programs.

It is important to note that employment taxes are almost half as much as corporation income taxes, which never were higher.

Other forms of taxation tend to suppress profits. Property taxes, for example, a large portion of which is paid by business, will exceed \$20 billion this year.

Price trends

The impact of tax increases is not dollar for dollar. To some extent business (*continued on page 85*)

'63

HOW TO PRICE FOR TOMORROW'S COMPETITION

Changing conditions require more use of executive know-how in reaching price decisions that will boost your company's profits

FOR THE FIRST TIME in more than two decades, price reductions are becoming a more frequently used competitive weapon.

Ability to deliver often was more important than the price in the earlier postwar years. There was only some sporadic price-cutting because of general inflationary conditions.

The economic picture has now changed fundamentally. Shortages have been replaced by surpluses. Inadequate capacity has given way to ample or sometimes excess capacity. The inflation spiral has been practically halted, and with it the ability to pass on cost increases to the buyer. Foreign competition steadily grows in vigor. There has been increasing development of substitute products.

Against this background, competition has been revitalized. One result of these changes is the need to take a fresh look at the factors to be considered in pricing for profit.

Profitability is a result of many factors, of which proper pricing is one. Other factors include volume, the attractiveness of the product, customer willingness to buy, and the extent to which costs can be controlled.

Successful pricing involves a great deal more than combining some cost figures and adding a profit margin. The popular misconception that industrial prices are determined by costs alone is being shattered by price-cutting while costs continue to rise.

It must also be emphasized that prices cannot be determined by mathematical formulas. In fact, most of the ingredients of a price decision cannot be re-

duced to numbers. This will be quickly recognized when the main factors in pricing are noted: economic characteristics of the product, level of demand, extent of surplus capacity, domestic and foreign competition, costs, federal and state legislation, political pressures, and public relations.

Prices and demand

The number of units sold often determines the price. For many products, sales can be increased markedly as prices are lowered. The larger volume, in turn, tends to reduce unit costs.

Price can be a dynamic force which adds to profits where large increases in demand can be tapped at lower levels. Conversely, this approach is of little value if the potential demand for a product is small even at lower prices.

Du Pont frequently has announced price reductions to broaden the market for many of its products—for example, methanol, Dacron, tetraethyl lead. John T. Connor, president of Merck & Company, told a congressional committee that the prices of steroids were reduced eight times to help develop a broad commercial market. Similarly, Singer Sewing Machines cut the price on home models "to broaden the home sewing market through inducing more women to take up sewing." Recently, Procter and Gamble cut the price of glycerine products to make them more competitive with synthetic varieties.

To determine whether price reductions will stimulate demand sufficiently, a company may experiment with a new price in one or more localities. If

the results in the test area are successful, it can then extend the lower price to other areas. In other instances, decisions to cut prices are based on comprehensive market studies.

The company should also review its past experience and, where possible, that of its competitors with similar products. Of course, the availability of this alternative depends upon the records maintained, and too often they are inadequate or nonexistent.

In any new experiments in price reduction, it is well to compile a complete story of impact on demand, reactions of dealers and customers, and the promptness with which competitors meet the reduction. This record will prove valuable in connection with future experiments of a similar nature.

Henry Ford, Sr., was an outstanding practitioner of price cuts to stimulate demand, which in turn boosted profits. In his words:

"My policy is to reduce the price, extend the operations, and improve the article. You will notice that the reduction of price comes first. . . . I first reduce the price to a point where I believe more sales will result. Then we go ahead and try to make the price. . . . One way of discovering what a cost ought to be is to name a price so low as to force everybody in the plant to the highest point of efficiency."

Competitive factors

Usually, a company must sell the same or similar

products at about the same price as its competitors. But it may be difficult to determine exactly what competitors are charging. Some purchasing agents have developed considerable skill in playing off one seller against another, particularly for products that require large expenditures.

An interesting development in 1962 was the shaving of list prices by a growing number of producers before a general reduction in list price was announced. Thus, when Alcoa cut the prices of aluminum sheet products in the fall it said the action was designed "to reflect more nearly prices at which most of these items have been moving in the market for a prolonged period." Armstrong Cork reduced the price of ceiling tile and St. Joseph Lead the price of lead for the same reason.

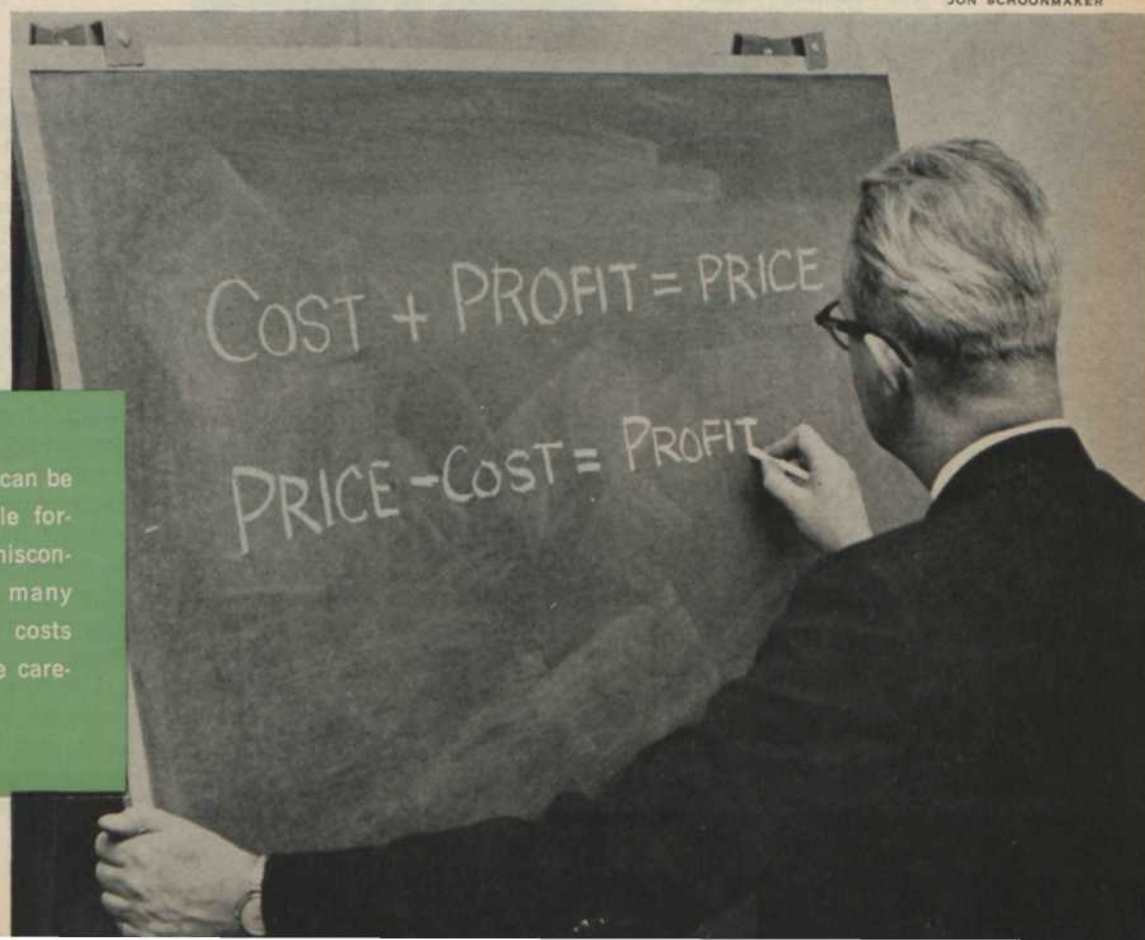
A key factor in pricing many products is the intensely competitive climate in which they are sold.

Today, it is also necessary to find out the prices of foreign-made products. Producers of aluminum, steel, pig iron, carpets, textiles, radios, electrical apparatus and many others are affected by foreign competition.

The prices of substitute products also have become an important fact to consider as the producers of drugs, steel and natural and synthetic textiles among others, so well know.

Competition places an effective ceiling on the price that will yield the maximum profits. In this connection, L. F. Long, president (continued on page 86)

Notion that pricing can be reduced to a simple formula is a common misconception. Actually, many factors other than costs and profits must be carefully considered.



JON SCHOONMAKER

'63

THESE PRESSURES WILL PUSH PAY HIGHER

Upward trend will get extra lift from government actions

BUSINESS faces both new and familiar pressures for wage increases this year which will almost certainly add billions of dollars to payroll costs. Most will have no relation to higher productivity and thus will give an upward thrust to costs. This will tighten the squeeze on profits and build more steam under prices.

Some of the coming higher wage costs are certain, either because they have been promised by employers under long-term labor agreements or are prescribed by law. For example, there will be an increase in the minimum wage next Sept. 3 from \$1.15 to \$1.25 an hour.

Some pay increases are probable, and may result from collective bargaining, voluntary employer actions, or government regulations, such as those which will boost pay of white-collar or management employees and employees on government contracts.

Other increased labor costs are possible from legis-



Charles Donahue, solicitor of labor, who faces possible restriction on authority to fix wages, says Administration will push again wage bills left from last year

lation which will be debated in the Eighty-eighth Congress, such as equal pay for women, which may pass, and a shorter workweek, which won't.

"You can be sure of one thing," Charles Donahue, solicitor of the Department of Labor, told NATION'S BUSINESS. "Everything we failed to get through the last Congress will be back in the Administration's program in this Congress."

Hourly wage rates over the past decade have climbed steadily an average of about 7.5 cents a year. Employer payments for pensions, health insurance, vacations, unemployment compensation and other benefits have risen twice as fast as wages and now average about 25 per cent of direct wage costs. The trend seems likely to continue.

Congress will consider several proposals which would push wage costs still higher. The Kennedy Administration again will ask for equal pay for women and the

George Meany, president of AFL-CIO, sees hard fight ahead for 35-hour week with no loss in pay, but he says unions can win it by joining resources in major drive



inclusion of the cost of fringe benefits in minimum wages which must be paid for work on federal construction contracts.

The equal pay proposal barely failed last year. Both Senate and House passed measures intended to prevent an employer from discriminating between the sexes in wages paid for comparable work. But the House would not go along with the Senate's insistence that any equalization of pay had to be upward, with any lowering of wages prohibited.

The Administration is expected to alter its proposal this year to include a provision which would give employers a period of grace during which to eliminate differentials. The grace period might depend on the size of the differential or the termination of a labor agreement, if one is involved.

Business objections to this legislation concern methods and difficulty of enforcement, not the prin-



WIDE WORLD

Chairman James Roosevelt of House Labor Subcommittee is skeptical of Labor Department wage rulings. They may hinder chances of liberalizing law as unions want it

Act, is revising the procedures to provide for a Wage Review Board to examine minimum wage determinations made by his office for specific tradesmen in specific areas. These range as high as \$6.10 an hour for a crane operator and \$3.95 for a common laborer in New York City.

Employer organizations have attacked the proposed Wage Review Board as illegal and have urged that provision be made for judicial review of administrative wage determinations.

Another obstacle to the inclusion of fringe benefits in the minimum wage determinations is the fact that building tradesmen already are among the highest paid workers in the country. Wages of more than \$5 an hour are common for bricklayers in Chicago, carpenters in New York, and plumbers in Los Angeles.

Inclusion of fringe benefits in the wage determinations would raise them about five per cent above existing wage rate levels.

Still another obstacle is lack of support, and possibly covert opposition, to the proposed legislation from leaders of industrial unions in the AFL-CIO who are involved in a jurisdictional fight with the building trades unions over division of installation work at missile sites.

A proposal on which the Administration is not yet committed, but which will be pushed by Rep. Adam Clayton Powell, chairman of the House Labor Committee, would extend coverage (*continued on page 93*)



WIDE WORLD

Sen. Jacob Javits has long sought to bring employes of hotels and restaurants under the wage-hour law, says it's justified by new study of the Department of Labor

ciple of equal pay for equal work. (See "U. S. Seeks Power to Police Payrolls," *NATION'S BUSINESS*, August, 1962.)

The inclusion of fringe benefits in minimum wages which must be paid on federal construction was approved by the House Committee on Education and Labor, but died in the Rules Committee.

This legislation involves amendment of the Davis-Bacon Prevailing Wage Law and is a pet project of the AFL-CIO Building and Construction Trades Department. It faces several obstacles in addition to an unconvinced Rules Committee.

The biggest is business complaints about unfair administration of the Davis-Bacon law, which were given a lengthy airing at hearings conducted last summer by the House Labor Subcommittee, headed by Rep. James Roosevelt, California Democrat.

Solicitor Donahue, whose office administers the Davis-Bacon



WIDE WORLD

Adam Clayton Powell, chairman of House Labor Committee, holds key to most pay bills. He favors particularly those for equal pay and to extend wage law further

A LOOK AHEAD by the staff of the

Building will hit record

(Construction)

What trade boss will do

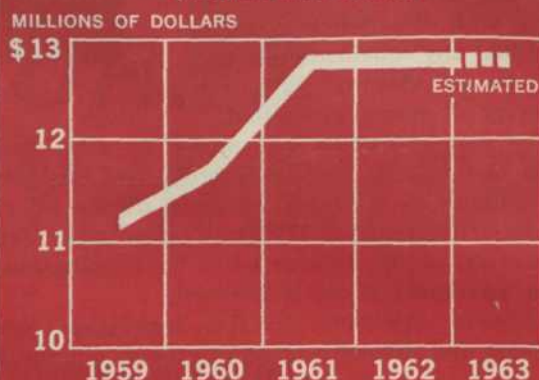
(Foreign trade)

Organizers plan test

(Labor)

Farm income holds steady

(Realized net income)



AGRICULTURE

Not much change is in prospect for 1963, according to reports at the recent Annual Agriculture Outlook Conference.

Prospects for 1963 were summarized as follows: "Barring any major change in the international situation, we expect 1963 to be another year of relative stability in farm output, in the domestic and foreign demand for farm products, in farm prices, and aggregate net realized farm income."

Government payments to farmers will be higher in 1963. But the increase is likely to be offset by higher production expenses. Compared with 1962, the new year is expected to show a small increase in marketings and slightly lower prices for most livestock products—beef, pork, milk, eggs, broilers and turkeys.

CONSTRUCTION

A record volume of construction, about \$63.5 billion, will be reached in 1963.

Highway construction work will proceed at an accelerated pace, carrying dollar volumes more than eight per cent above 1962 levels.

Public water and sewer system construction will continue its expansion. Other public works, too, will register advances.

Private utility construction, which advanced six per cent in 1962, will register another six per cent rise. Private nonresidential building will climb more than five per cent.

Housing construction, now concluding a banner year, will register some slight additional gains in 1963.

These shifts will have little effect during the first half of 1963. During the latter half of the year, however, their effects will carry total construction volumes almost four per cent above 1962.

CREDIT & FINANCE

The finance industry has for many months been anticipating recommended changes in regulation. This month a new factor must be considered.

With the convening of the Eighty-eighth Congress, new faces are appearing on the Banking and Currency Committees of the Senate and House. Among the missing on the House side are Democrats Spence, Addonizio and Miller; and Republicans Siler, Moorehead, Rousselot and Scranton.

On the Senate side, Republicans Capehart and Bush are not returning. The Democrats are left intact so far.

Although most of those not returning were of conservative bent, it is too early to determine what the general complexion will be during this session.

FOREIGN TRADE

As Special Representative for Trade Negotiations, former Secretary of State Christian A. Herter will serve as head of a new Inter-

agency Trade Organization. This organization is directed to make recommendations to the President on basic policy issues arising in the administration of the trade agreements program. Its responsibilities include advice on tariff adjustment as a result of affirmative findings of injury by the Tariff Commission in escape clause cases, and with regard to eliminating foreign import restrictions against United States commerce.

Advice as to use of orderly marketing agreements—a new provision of the law authorizing negotiation of international agreements limiting export and import of articles causing or threatening to cause serious injury to domestic industry, as an alternative to tariff adjustment—is also within the province of the interagency organization.

GOVERNMENT SPENDING

Main interest this month will be focused on the fiscal 1964 budget submitted by the President. Generally overlooked in this document, however, will be requests for substantial appropriations for fiscal 1963.

The Eighty-seventh Congress adjourned without approving the \$500 million supplemental appropriation bill for 1963 because it got involved in the House-Senate controversy over appropriation bill procedures.

The Administration now indicates it will ask for at least \$2.8 billion more for fiscal 1963 than has been appropriated. Major additions to be

Chamber of Commerce of the United States

requested include: \$400 million for defense-military functions; \$500 million to complete the \$900 million authorized for the accelerated public works program; over \$700 million for agriculture; over \$300 million for welfare programs under the Social Security Administration; and approximately \$150 million for the Post Office Department to help pay for postal salary increases.

Budget amendments rarely take the form of outright reductions.

Even when a cutback in a program becomes possible, the tendency is to look for another way to spend the money, rather than to leave it in the Treasury.

MARKETING

Today's typical supermarket will undergo drastic changes—in design, function, and operation—in the next decade, according to the National Association of Food Chains.

For a growth industry that is well known for virtual immunity from cyclical ups and downs, its spokesmen predict:

1. Expansion into nonfood lines will continue and will be met by counterpressures by discount houses, department stores and other general merchandise outlets.
2. Change in "merchandise mix," with more high-margin nonfoods, soft goods and specialties.
3. Upgrading: specialty butcher departments, on-premise bakeries, gourmet and delicatessen sections, distinctive decor.
4. Other growth activities—with food chains opening pharmacies, discount department stores, and specialty shops.

LABOR

This month it appears that organized labor will start an important drive for new members. At the recent AFL-CIO Executive Council meeting, approval was given to unleash the resources of the federation for organizing employees in one small area—Los Angeles and Orange counties, California.

Local employees will be the target of this concerted effort by the AFL-CIO, the international, national, and local unions. The financial outlay

for this one project is estimated at more than \$400,000, one third coming from the AFL-CIO treasury. The money will be spent in organizational campaigns in about 400 plants, an average of \$1,000 for each installation.

Employees will not have the choice of the unions they may select. The decision has already been made by union leaders in privately held meetings, giving each union certain exclusive representation areas.

The director of the project says that if the plan works in Los Angeles, it will "spread like measles" to other areas of the country.

NATURAL RESOURCES

A better understanding of lumber industry problems has resulted from a devastating windstorm in the Pacific Northwest which blew down timber on 20 million acres of forests. As much as 15 billion board feet must be salvaged within two to three years to avoid insect infestations and fire hazards.

Emergency action brought federal, other public agencies and industry together to plan the salvage. Deficiencies of federal timber sales and operating policies were suddenly more obvious and sales contracts, time limits and operating procedures have been adjusted.

The serious competitive position of the Pacific Northwest in loss of eastern markets to Canadian imports was recognized by Canadian officials attending an emergency conference. Voluntary reduction of Canadian shipments while the U. S. is adjusting to the salvage operation may be anticipated.

If the log and lumber market cannot absorb the salvage supply a possible significant price decline may result.

TAXATION

Hearings held early last month on new business expense accounting procedures for tax purposes prove to have had beneficial results.

The proposed regulations, designed to complement Section 274 of the Code, would have been almost impossible to comply with. As released in their final form, the regu-

lations have been somewhat relaxed.

Despite the changes, the new regulations are still burdensome in their compliance requirements. It appears that in writing the regulations the Internal Revenue Service went too far in interpreting the intent of Congress as explained in the reports of both the Senate Finance Committee and the House Ways and Means Committee. The intent was to put a halt to abuses that allegedly existed, not throttle the employee and his employer with the compilation of unnecessary records.

It remains now for Congress to speak again in the area of business entertainment and expense accounts.

TRANSPORTATION

The new year promises to be an active one for transportation legislation in Congress. Last year a presidential message suggested transportation regulatory reform. This provided the opportunity for all the various interests to study the proposals and make their reactions known. With this rehearsal, the Administration is now ready to push for congressional action.

The Kennedy transportation proposals were significant for the fact that they proposed to reverse a trend. Rather than proposing increased regulation over the carriers, such as has been done periodically over the past 70 years, the heart of the Kennedy message proposes to eliminate minimum rate regulation on significant portions of the nation's traffic. To protect against the possibility of predatory rate practices, it proposes that certain anti-trust laws be made applicable.

Indications are that the legislation to be reintroduced in the new Congress will be similar to that considered last year. Undoubtedly, there will be considerable controversy and debate. Because of the significant influence enjoyed by both the trucking and the railroad industries, there will have to be modifications of the President's proposal before approval. Assuming that this is possible, the Eighty-eighth Congress may be able to produce something significant in the way of reduced government regulation of the vital transport industry.

KENNEDY PROGRAM

continued from page 33

broadest terms than the Eisenhower Administration, not only in social, but in economic, matters.

The specifics of the Administration's new program will be set forth in future messages to Congress, but legislation in the areas of education, federalized health care for the elderly, taxation, farm commodity prices, urban affairs, foreign aid and consumer legislation will be asked.

Several school subsidy plans have failed in the past because of constitutional state-church relation questions, dangers of potential centralized government control and the costs involved in a federally assisted program that would overlap local progress in meeting school needs.

A proposal to provide federal funds to permit state planning for educational facilities may be pushed this year. Some loans or grants for college needs will again be sought. Aid for areas crowded by federal installations will be up for renewal. So will the National Defense Education Act, aimed at stimulating science and foreign language training.

Some form of education aid that "would not bring control and is not too expensive" might have a chance of passing, in the opinion of Professor Grassmuck. But Professor de Grazia feels that the heavy budget

deficit expected this fiscal year and next "will put a clamp on new programs for education and welfare. With large defense outlays and any massive aid to India, for example, still more deficit would be created."

Though there is an increase in the House in supporters of federal subsidy to education of a half dozen votes, it would take 37 votes to switch the outcome of the vote in the past Congress that killed school aid. And after a total effort by the Administration in the past Congress, many have concluded that the public just doesn't want it.

On health care for the elderly, the Administration is adamant that it should be financed through the social security system. This can be said with authority.

Many feel, as does Professor Rossiter, that for a health care measure to win passage, "The Administration will have to make some acknowledgment of private insurance plans." Dr. Rossiter adds, "For a natural-born compromiser, Mr. Kennedy was too inflexible on his approach the last time. Some older people don't need medical care. A compromise bill also would have to cover the very poor not under social security."

The Ways and Means Committee, which must act first on such a measure financed by higher social security taxes, will be about evenly divided pro and con. But even if a

bill gets out of this committee, there is no assurance the House will pass it. The White House itself is not as optimistic as some proponents.

As Dr. de Grazia points out: "We really haven't got the social research data on who lacks medical care and there is hesitancy to register a great many people to help what may be only a few."

A compromise bill that takes in all elderly people, not just those who qualify for social security and which requires some prepayment of social security taxes, might be enacted.

Prospects for tax cut

Nearly everyone favors tax reduction in principle. Though the Administration had promised a broad tax-cut program, lower taxes such as most businessmen want may be farther away than some people believe.

In the words of one White House planner, "Tax reduction will be a major undertaking. It ought to be easy with business and labor both for it. But in reality they are talking about two different things. In addition, support of a tax cut would represent a major reversal in economic thinking for some key members of Congress."

The traditional thinking on Capitol Hill goes like this: You don't cut taxes when you have a big deficit, especially when the economy seems in good shape.

However, in spite of the deep-seated feeling about the deficit spending, particularly of such potentates as Chairman Byrd of the Finance Committee and Rep. Wilbur Mills of the Ways and Means unit, taxes probably will be cut if a measure gets out on the floor of the House and Senate. As one member confided to an executive branch liaison man last year: "My people are against deficit spending that a tax cut would cause; but for heaven's sake don't get me in a position where I'll have to vote against a tax cut."

Some tax reduction could be enacted in 1963. Then another cut plus reforms could follow in 1964. It might take that long to arrive at a compromise that would suit enough people, and postponing part of the cut might carry more political appeal just before the '64 election.

Professor Latham believes that the huge deficits ahead, particularly immediately after a big tax cut, are of little concern to the mass of voters. "People don't look at the price list as much as what is being offered. In the 1930's there was great

Watch for:

Legislation by label confuses issues

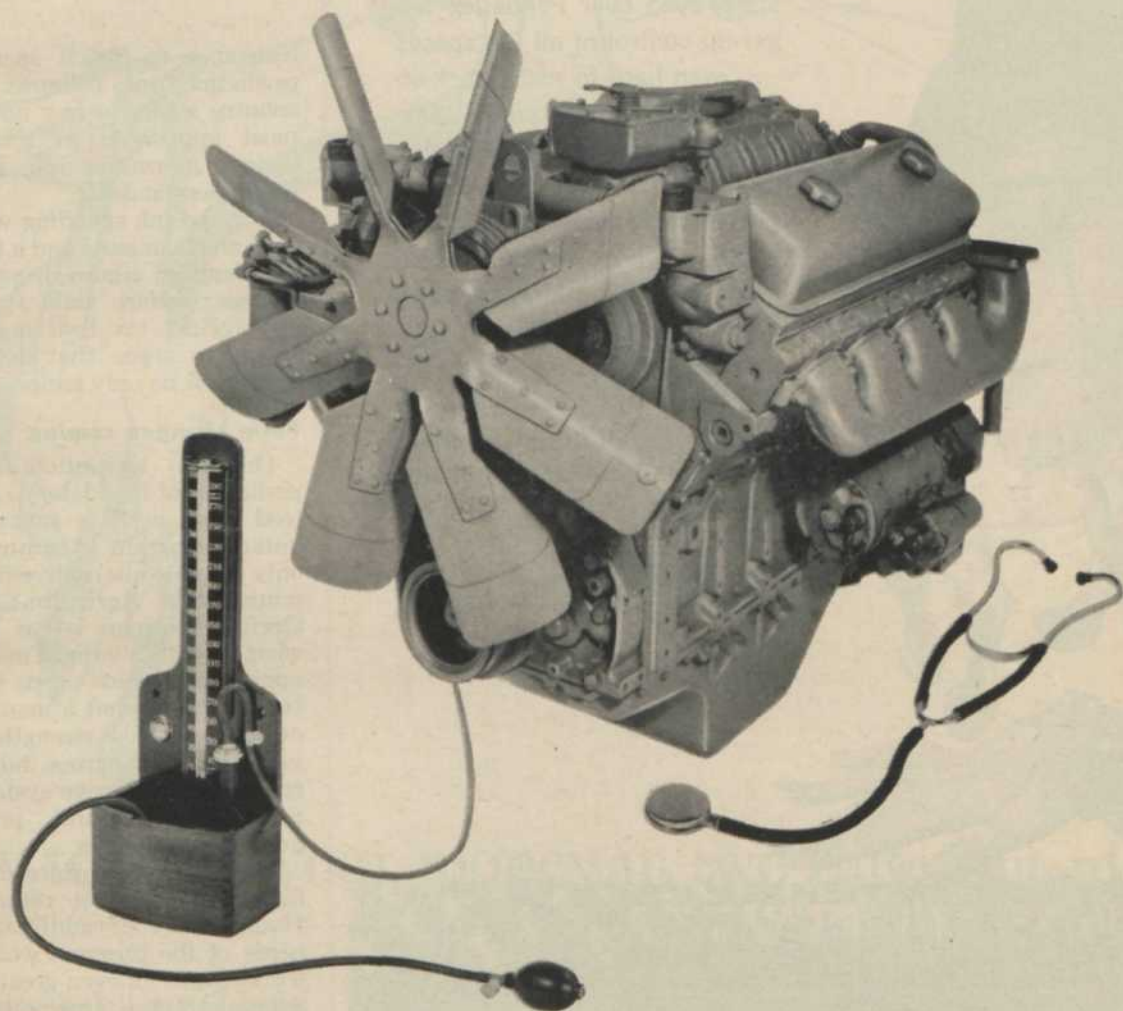
Catch phrases that will appeal to congressmen and voters are in constant demand in Washington, where words are weapons in the legislative fights. Here's a rundown on some of the labels on this year's bills.

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KENNEDY PROGRAM

continued

Authorities see stiff fights ahead on many issues

resistance to deficit spending and predictions of collapse. But the country wants to buy now. It's almost impossible to translate the budget enormities into terms that are understandable."

But red-ink spending will still be very much an issue and a foundation for many an argument against non-defense welfare state spending, if not against tax lowering. Tax cut advocates argue that deficits they cause will be only temporary.

Farm changes coming

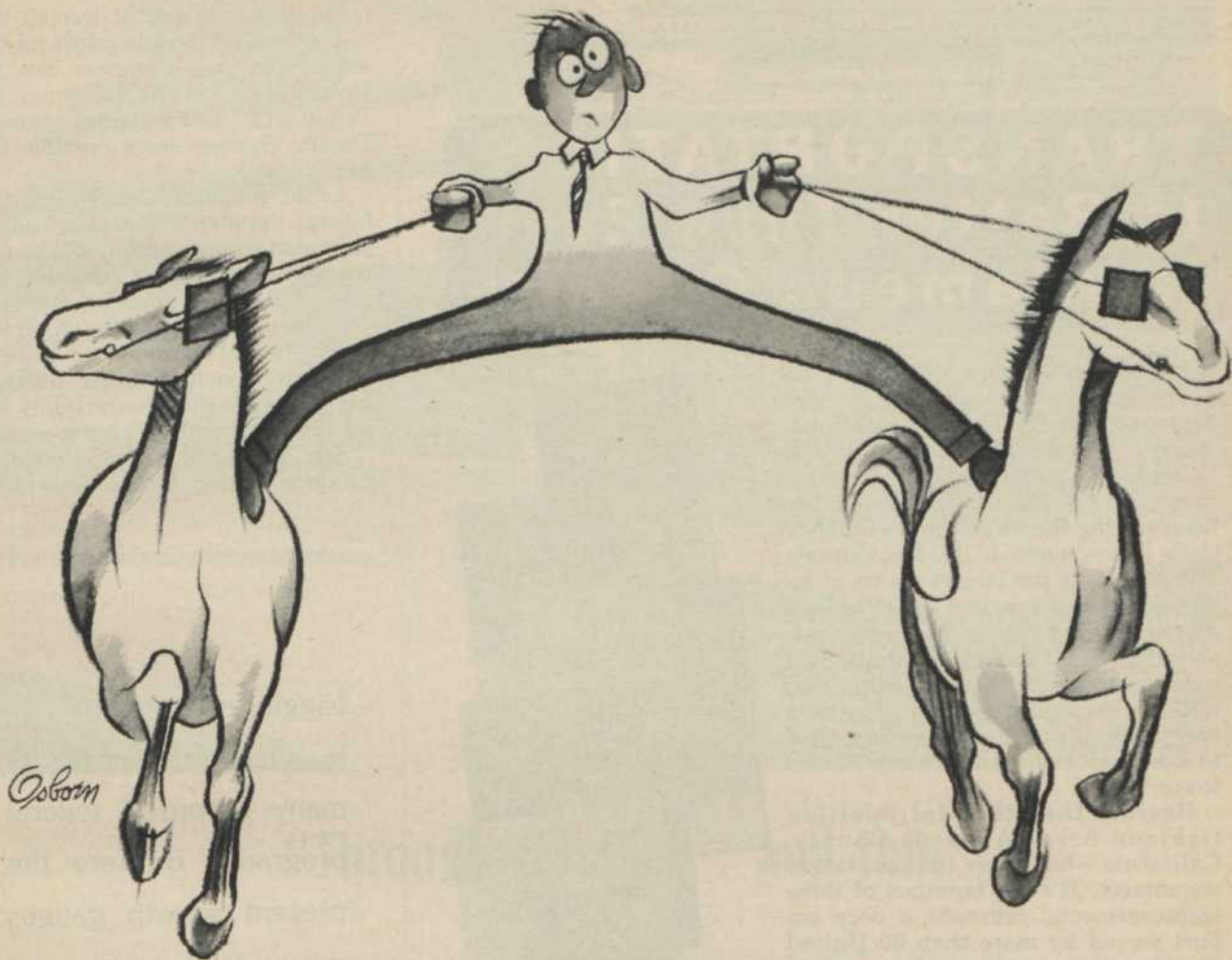
On farm legislation, House repudiation of mandatory controls on feed grain acreage suggests a voluntary program of controls is the only possible alternative for the Administration. Agriculture Secretary Orville Freeman seems bound to what he calls a supply management approach of price props with strict controls over what a man can plant or produce. New strength was seen in the past Congress, however, for ending the expensive system of supporting agricultural prices and amassing surpluses.

About 35 supporters of the first farm bill will not return to the House. Only 27 additional proponents of the program won election. This signals an even greater loss for Administration farm policies.

The Administration's attempt to create a Department of Urban Affairs in 1961 met with resounding failure. If brought up again it is likely to meet the same fate. Although 27 new supporters were elected to the House, compared with 20 who lost, it would take at least 50 more votes to approve such a department, on the basis of the balloting in the past Congress.

As Professor Rossiter remarks: "We don't establish major departments very quickly in this country."

Wolfgang Kraus, professor of political science at The George Washington University, believes the future political, military and economic fortunes of the European Common Market are closely connected with our foreign trade policies. Thus he sees more chance for approval of



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taking it out of your savings). This does two important things for you: It keeps your savings account intact and growing; and, it helps you establish a good credit reputation.

When you're ready for a major financial move, you'll find the bank can help you with sound advice and, chances are, with a low cost loan. No other type of financial institution can do as much for you.

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KENNEDY PROGRAM

continued

long-term financing of foreign aid.

The heavy barrage against foreign aid in the past Congress saw the House sever \$1 billion from the President's authorization request. Drastic changes seem possible this year.

Labor proposals, such as setting federal standards for state unemployment compensation, will be proposed. But, without a recession, the issue will lack a powerful stimulus.

Although President Kennedy failed to get several top-priority measures enacted during his first two years in office, he certainly has not been without successes.

Sen. Hubert Humphrey, assistant majority leader, for example, calls

Lagging economic growth is cited in support of many proposed federal programs. But are the present growth gauges reliable? You can get the facts on page 30

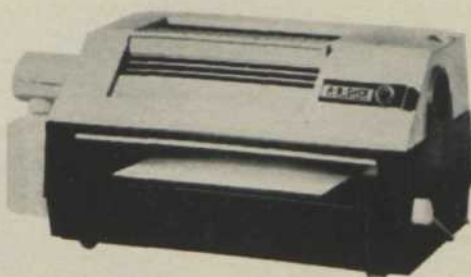
the Eighty-seventh Congress the most productive since the Seventy-fourth (1935-36) during Roosevelt's New Deal.

He classes the Trade Expansion Act passed last year with the creation of the social security system for major legislative accomplishment, for instance. "I look for another impressive record from the Eighty-eighth," he says.

Whether the Eighty-eighth is more productive or less than the Eighty-seventh will probably have to await historians' interpretations. The next two years will probably see heavy compromises on many key administration proposals. But some new seeds for further federal growth undoubtedly will be planted. **END**



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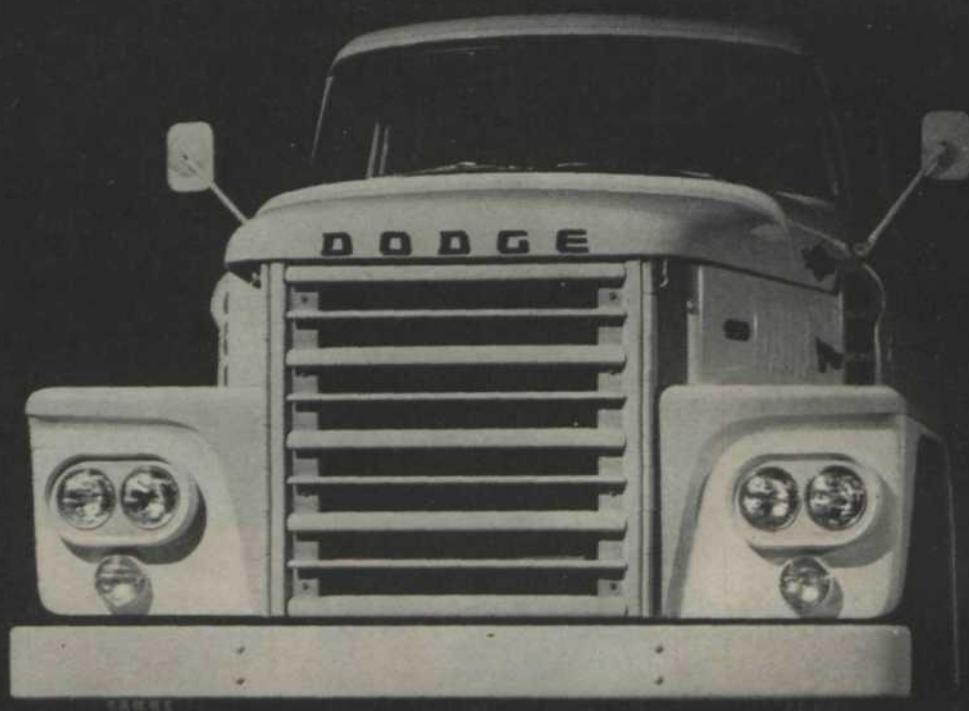
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Wrong choice may affect your income, estate, gift taxes.

Tax consultant Howard A. Rumpf recommends: Open a custodian account to overcome tax disadvantages. Interest earned is taxable to the child—usually at lowest tax bracket.

Parent or grandparent whose funds are deposited should not be the custodian. If he dies before child reaches majority, the bank balance is includable in his gross estate.

Mr. Rumpf, tax committee chairman for the Accountants Association of New York State, suggests the wife should be custodian if husband deposits his own funds.

Since such deposits are outright gifts, Mr. Rumpf points out that the amount deposited in any calendar year should not exceed \$3,000 for each child—\$6,000 if spouse joins in the gift.

Otherwise, gift tax may be involved.

Ways to ease the high cost of education

Banking and insurance companies are moving fast to help you meet increasing education costs.

They're refining plans developed within past few years, pioneering more.

Among new opportunities for parents who must pay the tab:

1. Parent estimates need, signs with bank four years before child enters college, begins monthly payments into savings account. When

account is exhausted, bank makes loan and same payments continue. Loan must be paid two years after graduation; parent thus has 10-year maximum to finance a college education.

For a \$10,000 education, add about \$480 for interest, and about \$520 for insurance.

2. Four-year program for parent able to meet expense from annual income operates through college admission office. Parent makes monthly payments to bank which remits to college.

Advantages: Rather than be socked with lump-sum payments each semester, make 48 monthly payments; insurance guarantees completion of remittance to college upon death or disability of parent; low cost.

3. Parent with child in secondary school—especially 8-10th grades—determines need; insurance company issues endowment in thousand dollar increments from \$2,000 to \$12,000.

Parent pays fixed monthly premium. Insurance company pays amount contracted for until third academic year. Then parent borrows from bank using cash value of policy as collateral. Bank must be paid within three years of graduation.

Advantage: Younger the parent and earlier child's academic year, the lower the premiums.

4. Parent with child entering college: Most commercial banks will advance educational funds at specific intervals.

Early plans allowed only four years to pay. Now many banks permit six years, some eight years.

Post-holiday fatigue?

Got that low-down feeling after the holiday season whirl?

Dr. W. H. Forbes of Harvard's School of Pub-

PERSONAL OUTLOOK

lic Health says there are no final answers to the mystery of fatigue.

However, this check list, according to Dr. Forbes, will help avoid nervous fatigue—the type most important in industry:

Eat a good breakfast. It doesn't have to be a high-protein meal.

Exercise each day. A mile walk per day for males aged 10-70 is far too little.

Take rest periods.

Have a relaxing hobby. Executives preferably should have one involving exercise and divergent from work.

Concerning the nostrum that a cold shower is the quickest way ever discovered to banish fatigue, Dr. Forbes says:

"A shower won't do anything magic, and doesn't change your fatigue.

"Its effect is psychological. A swift kick on the posterior will do equally as well.

"It does one thing: Increases the heart rate. It's an awakening process."

About the standard dictum of not working overly long hours, he notes that some people thrive on such a regimen.

The Harvard expert finds, however, that fatigue has its uses.

"Everyone speaks of fatigue as if it were undesirable—and so it is from the point of view of accomplishment. But it is a protective mechanism like pain. From the point of view of helping the individual to survive, it is fortunate that he usually feels tired and quits before he collapses."

Boon for program chairmen

Is your business, civic, religious, school or technical group stuck for a program idea?

If so, government agencies have hundreds

of first-class 16-mm sound films available on loan. Only cost usually is postage.

Boon for program chairmen is 500-page "U. S. Government Films for Public Educational Use" catalog. Subjects run gamut from World War II campaigns to presidential conventions to whooping crane.

Two of the best: "Eruptions of Kilauea"—1959-1960 and 1955—color accounts of Hawaiian volcano spectacularly blowing its top. Contact: Map Information Office, Department of Interior, Washington 25, D. C. Demand is heavy for both films. Expect delay of several months. Latest has been awarded several prizes, including Venice Film Festival.

Another treasurehouse is National Park Service's Branch of Still and Motion Pictures. Roster includes 6,500 slides available for loan.

How to fight auto rust

You can take steps to prevent auto rust this winter.

The American Automobile Association suggests a simplified form of "mothballing" if you live where winters are wet and cold, or plan to drive in snow regions.

Wash areas most susceptible to rust—panel under doors, fenders; wax exterior areas. Spread petroleum jelly for good protective coat.

AAA suggests taking a new car to garage within few days for second undercoat. Second job is worth the \$15-\$20. Two undercoats should check major rusting for four years.

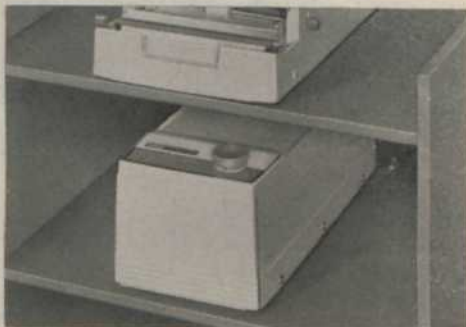
Antirust efforts pay off at trade-in time. Dealers knock \$150-\$200 off price of rusty auto.

AAA, an advocate of seat belts, advises motorists check for rust when stanchions are being attached to floor pan. If it's rusty, you're wasting money.

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U.S. TIES MORE STRINGS TO CITY AID



Government gains new influence over urban affairs by stricter controls on federal funds

THE GOVERNMENT is increasing efforts to influence local affairs through tighter eligibility requirements for billions of dollars in federal programs.

The fact that government money brings controls over its use is nothing new.

But two bills in the past congressional session sought vast expansion of federal involvement in one of the most vital concerns to business and local government—community development planning.

One planning proposal was a key provision of the mass transportation bill, whose requirements prompted its sponsor and manager in the Senate, Sen. Harrison A. Williams of New Jersey, to call it "one of the most tightly drawn pieces of legislation to come before the Senate."

The other was a change in the federal-aid highway act, which one official conceded could put a fed-

eral agency in a position to approve or disapprove community development plans of any city with a population of over 50,000 after 1965.

The highway measure, an amendment to an existing program, was passed after one potentially extreme provision had been deleted. The new mass transportation bill failed to pass at the end of the session, but is certain to be revived by the Administration.

Another campaign to be renewed calls for establishment of a Department of Urban Affairs, which was defeated amid a barrage of charges that it would usher in an even broader range of urban aid programs that would control the nation's cities from Washington.

The trend toward increased federal involvement in planning of urban areas is readily acknowledged by government agencies involved, although officials disclaim that the purse-string controls would be used

to the fullest. Nevertheless, government has acquired and is continuing to seek more authority in one of the most sensitive areas of local self-government. Involved are such questions as where you will live or build your plant, how you use your land, what kind of community you live in.

"Bait of federal aid"

Central to the question of over-all planning under the transportation bill is the fact that any efficient, economically feasible transportation system must conform to patterns of future community growth. In fact, transportation planning can largely determine such growth.

A draft of the transportation bill requires that: "... no federal financial assistance shall be provided ... unless the Administrator [of the Housing and Home Finance Agency] determines that the facilities

(continued on page 56)

WHERE COMMUTERS WILL PAY OWN WAY



Key vote for locally financed transit plan weakens case for a new federal program

THOUSANDS of urban voters have badly dented the case for new federal subsidies for mass transportation in an election billed as a test case of national significance.

Residents of the San Francisco Bay area overwhelmingly approved a \$792 million bond issue for an ambitious program of urban mass transportation, capable of being financed entirely from nonfederal resources.

Although the Bay area political leaders have supported the federal program, which proponents will strive to push through Congress this year, the fact that their constituents have demonstrated the ability to go it alone stands as a challenge to President Kennedy's position that:

"Only a program that offers substantial support and continuity of federal participation can induce our urban regions to organize appropriate administrative arrangements

and meet their share of the costs of fully balanced transportation systems."

Clair W. MacLeod, a director and former president of the San Francisco Bay Area Rapid Transit District, has said of his project:

"Transportation experts here in the federal government, as well as elsewhere, believe the . . . vote in the Bay area could well be a test case nationally for rapid transit. If our plans succeed, that success would well mean an immediate renaissance in public transportation elsewhere. Thus, the success of the . . . vote becomes a national issue of great importance in the transportation field."

Mr. MacLeod was testifying in favor of an Administration program of \$500 million in subsidies, which failed to pass in the past congressional session, before the issue went to the voters.

But his comments and those of

others, contrasted with the outcome, could prove useful in evaluating renewed arguments in favor of the federal transportation bill. This states in its preamble that "... federal financial assistance for the development of efficient and coordinated mass transportation systems is essential to the solution of . . . urban problems."

Thomas Gray, a member of the transit board of directors, has testified that in the San Francisco case local government is capable of doing the job.

Cost key issue

Mr. MacLeod, however, stated his position thus:

"The issue will be decided almost entirely on a basis of financing. There is no question but that the people of the Bay area want rapid transit. The question is whether they will be willing, in the face of the many other demands for their property tax dollars, to cast a 60 per cent majority vote in favor of a \$790 million project which could increase their tax rates by as much as 65 cents per \$100 of assessed valuation."

His answer was clear when more than the required percentage of nearly 700,000 voters approved a plan for local financing of transit improvements despite the questionable prospects of receiving federal funds.

The maximum annual cost to the typical homeowner was estimated at \$27. But the district's economic consultants say the system will bring such local benefits as concentration of business and industry, preservation of property values, reduced need for funds and precious land for highways, and attraction of a greater share of economic growth.

To this, the area's municipal financing consultants added:

"Sale of the transit district general obligation bonds in the amounts indicated in the district's financial plan would increase total tax-supported debt substantially.

"This increase in overlapping debt is not expected to prevent any local public agency in the district from financing a needed project."

The San Francisco case is not a clear instance of local initiative versus federal handouts. Transit backers there have indicated that they will continue to favor a program of federal funds, raised by taxing urban, suburban and rural Americans alike to help the cities.

As one area mayor put it: "As-

COMMUTERS

continued

sistance from the broad tax base of the federal government would greatly ease the impact of this large-scale capital construction program on our property tax base . . ."

Effect of largess

Yet it provides a clear contrast with the situation in Cleveland, where a local transit official reported that prospects of a federal program dampened enthusiasm for transit improvements based on community resources.

Gaspar A. Corso, a member of the city's transit board, told Congress that a majority on his board at one point favored extension of a transit line with local revenues, only to switch when confronted with a vision of money to come from Washington.

His report prompted Ohio's Democratic Senator Frank J. Lausche, an opponent of the federal program, to comment:

"I can well see where the taxpayers of Cleveland would say, 'Well, if they are going to give you something for nothing, you better take it.'"

"And it would require a high patriotic motivation to say, 'no, we will not take it.'"

"So I do not take exception to what the members of the board did. It does demonstrate, however, that things that can be done locally and are proposed to be done locally, are abandoned when the federal government begins promising largess."

There are clear indications that federal officials seek to justify use of government funds for cities under a liberal interpretation of the "needs" cited in the proposed law.

New drive in Congress

For example, John C. Kohl, assistant administrator for urban transportation in the Housing and Home Finance Agency, argues that a city should be helped to finance its transit improvements "to the best advantage."

Mr. Kohl, whose agency would administer the program, adds that a subsidy of \$10 million to \$20 million a year would permit construction of the San Francisco system in five instead of nine years, which would appear to constitute a worthwhile "public advantage."

Prospects for action on the Administration's urban transportation bill have been suggested by Democratic Rep. Oren Harris of Arkan-

sas, who was asked by NATION'S BUSINESS what major legislation he would seek in the new Congress.

As chairman of the Interstate and Foreign Commerce Committee, he replied that he, like any other committee chairman, would await the recommendation of the President. Significantly, he added:

"I am sure proposed legislation on transportation will be one of them."

Federally financed mass trans-

portation for cities also was listed among top priority items by other representatives and senators.

They include former Health, Education and Welfare Secretary Abraham Ribicoff, newly elected Democratic senator from Connecticut, who advocates "a mass-transportation bill, providing a coordinated program for the development of a first-class system for the transportation of people and goods by rail, road, boat and plane." **END**

MORE STRINGS TO CITY AID *(continued from page 54)*

and equipment for which the assistance is sought are needed for carrying out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area."

As interpreted by John C. Kohl, assistant HHFA administrator for urban transportation, the planning provision in effect would require a broad framework of working agreements, supporting legislation and policies whereby development of an urban area would be geared to the transportation plan.

The open spaces provision of the Housing Act of 1961 gives an example of regulations governing eligibility for one recent program. A government pamphlet reads:

"Evidence must be submitted that a maximum of open space land is being preserved by the governing bodies with a minimum of cost through zoning and subdivision regulation, use of existing public land, special tax provisions, and continuation of appropriate use of open space land through lease-backs, easements and similar arrangements."

Mr. Kohl is quite aware that the process of comprehensive planning has not won universal acceptance and that urban development on an area basis touches off political feuds among neighboring jurisdictions.

"The bait of federal aid is held out to bring these groups together," he said, and acknowledged at another point: "I think we're facing an extremely difficult political problem."

The emphasis on urban planning, he says, seems partly a reflection of the fact that the New Frontier has attracted academic thinkers who are inclined to look ahead to anticipate further intensification of the problems of urbanization.

"I think it's a serious and genuine concern for the implications of population growth rather than the political injection of the federal arm into local affairs."

"My experience since I've been down here has reassured me that this is not an attempt to centralize power."

There are clear indications that the goals of the mass transit bill go beyond the question of efficient transportation.

Senator Williams told his colleagues:

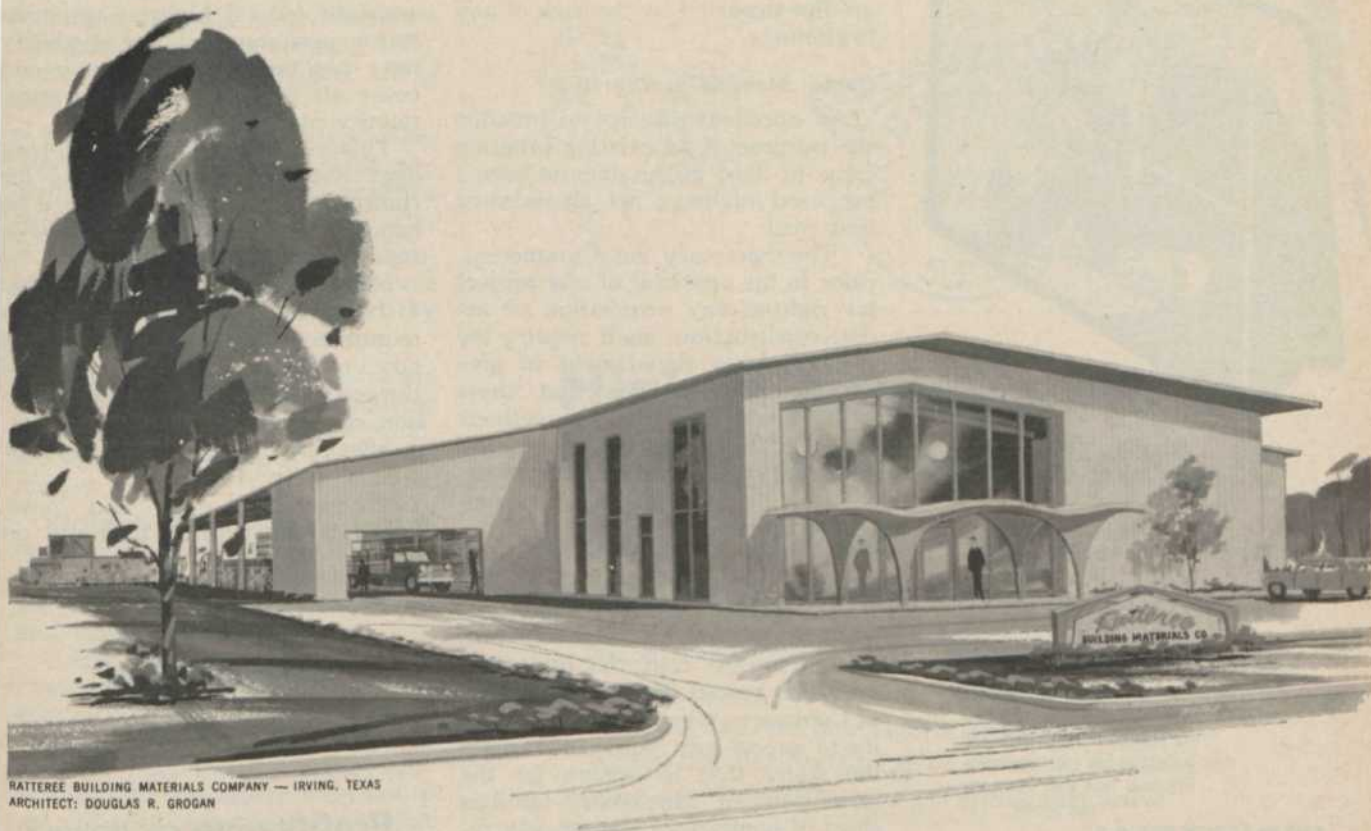
"With the growing capacity of residential, commercial and industrial developers to lay out whole new communities and cities, we have unparalleled opportunities to coordinate transit and highway systems with these land use developments to create new environments with a vastly higher level of diversity, efficiency, and attractiveness than we have ever been able to achieve before."

"On top of that," he said at another point, "the transportation plans must be consistent and coordinated with general comprehensive plans for the urban area which have been prepared in sufficient detail to provide a satisfactory basis for determining the transportation plan."

"This is a key provision of the bill, and, if I may say so, this provision together with several others, makes this one of the most tightly drawn pieces of legislation to come before the Senate."

"In fact, I have some fear that the legislation is so tightly drawn that the program may have considerable difficulty getting off the ground once it is enacted."

"I only hope the Administration will exercise discretion and good judgment in drawing the regulations, if this program is enacted, to make sure that the worthy planning ends



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MORE STRINGS

continued

are not thwarted by the lack of any beginnings."

Carte blanche authority

An apparent attempt to broaden the purpose of an existing program came to light in the dispute over a proposed highway act amendment that read:

"The Secretary [of Commerce], prior to his approval of any project for right-of-way acquisition or actual construction, shall require the state highway department to give satisfactory assurance that there exists one or more feasible methods... for the relocation of families displaced by acquisition or clearance of rights-of-way for any federal-aid highway."

Rep. John F. Baldwin of California and 12 other members of the House Public Works Committee, while supporting the highway program, charged that the relocation provision would give the Secretary of Commerce "carte blanche authority to impose any requirement upon the states that he wishes for the relocation of displaced families short of requiring a state to pay relocation payments when not authorized by state law."

As Representative Baldwin put it: "The effect of the... provision was to make a major transfer of power and control from the states to the federal government.... The Secretary would be the sole authority to determine what is a 'feasible method' of relocating families and businesses, and if a state did not comply with the Secretary's ideas on this subject, the Secretary could cut off all federal highway funds to that state."

"This is a typical example of provisions that are appearing in bill after bill this year to concentrate greater power in the hands of the federal government."

Representative Baldwin sponsored a successful amendment to require the states to provide "relocation advisory assistance."

Remaining in the bill, however, is a new requirement for a continuing, comprehensive transportation planning process without which no city of 50,000 in population could qualify for federal highway funds after 1965.

The biennial authorization for each of the next two fiscal years is \$427.5 million for primary roads, \$285 million for secondary roads, and \$237.5 million for urban roads,

for a yearly total of \$950 million. Interstate fund authorization is \$2.6 billion for 1964, \$2.7 billion for 1965.

According to Francis C. Turner, assistant federal highway administrator, new standards for eligibility have not been drafted, but would cover all factors involved in community planning.

This reflects the view of President Kennedy that "planning for transportation and land use must go hand in hand as two inseparable aspects of the same process."

Mr. Turner was asked by NATION'S BUSINESS whether the requirements could put the Secretary of Commerce, through the Bureau of Public Roads, in the position of approving or disapproving, in effect, the development plans of a community. His reply:

"Theoretically, yes. But, practically, I don't think it would do

Profits—up or down?

Four forces that will determine '63 results are weighed in article starting on page 34

that. Admittedly, we have the funds—the aid. But as a practical matter you don't operate that way."

The new requirements would bring about no changes in many areas with acceptable planning programs, he says, but would force others to conform to "good practice."

Last year's amendment merely strengthens and gives official recognition to existing informal, cooperative arrangements between federal, state and local planners, he says.

Approved plans required

Federal planning requirements first became entrenched under spe-

cific programs for public housing and urban renewal. Comprehensive plans, acceptable to the government, are now among prerequisites for:

- ▶ Urban Renewal Administration loans and grants for clearing, redeveloping and rehabilitating slums and blighted areas.
- ▶ Federal Housing Administration mortgage insurance for housing construction or improvements in urban renewal areas.
- ▶ FHA mortgage insurance to provide rental housing for low-income families and those displaced by government action.
- ▶ Public Housing Administration loans and grants to provide housing for families unable to afford standard housing available in the private market.

Elements of the plans cover land use, major thoroughfares, community facilities, all backed up by zoning and subdivision regulations and capital improvements.

Under recent programs, the government has been encouraging greater emphasis on regional planning rather than activity limited to political boundaries, raising complaints that this erodes local political authority. Planning by economic unit, for example, is required under the Area Redevelopment Act.

The open space program, furthermore, provides up to 20 per cent of the cost of land acquired for parks, recreation, conservation, historic and scenic purposes. The federal contribution is raised to 30 per cent for a project designed to serve an entire urban area under a program developed by more than one political subdivision.

A measure to promote joint construction of sewage treatment facilities was embodied in a 1961 amendment to the Water Pollution Control Act that raised the limit on federal contributions to any one project.

With the government deeply involved in the sewage treatment business, the possibility of further land-use controls is raised by another provision of the 1961 pollution control amendment.

At present, a community can get federal money to treat its sewage while contributing to stream pollution through storm water run-off, erosion, and influx of agricultural chemicals and industrial wastes.

A government study of six major river basins is under way, covering all factors contributing to stream pollution, to be completed for legislative "implementation" at all levels of government by 1970. **END**



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LISTEN TO THE RIGHT PEOPLE

Four guidelines can help you obtain more useful information for making important decisions

EVERYBODY wants to get the boss's ear. But he can't listen to everybody.

A good executive increases his effectiveness when he is discriminating in deciding whom he will listen to.

He pays attention to those who keep him informed, lighten his workload, or save his time. But he listens also to those who argue with him constructively and force him to sharpen his judgment.

With the focus more and more on consultative management, you can be more effective as a manager when you—

- ▶ Know the kind of people who try to get your ear.
- ▶ Recognize the situations in which they try to reach you.
- ▶ Become aware of listening-proneness and deaf-spots.
- ▶ Know how to pack more profitable listening-consulting hours into each day.

The manager's responsibility is to harness the best brain power for the most profitable actions.

Yet he is a busy man faced with a corps of subordinates, each of whom contends he is looking out for the best interests of the company and most of whom differ in their approach, values, personalities, and motivations as they try to reach him.

Whom the manager listens to and confers with is important for several reasons:

Many business problems are so complex that they cut across several departments and call for multiple judgment. The number of specializations represented in companies continues to grow, and so do the differences which the manager must referee. As companies tend to bring more democracy into the business through participative decision-making, the manager has to develop a better method of listening and consulting.

The president of an automotive equipment company remarked facetiously at a conference: "A president seldom makes a mistake; when he does it's probably because he's listened to the wrong people." The fact is that this remark applies to every manager, whether he is a president or a supervisor.

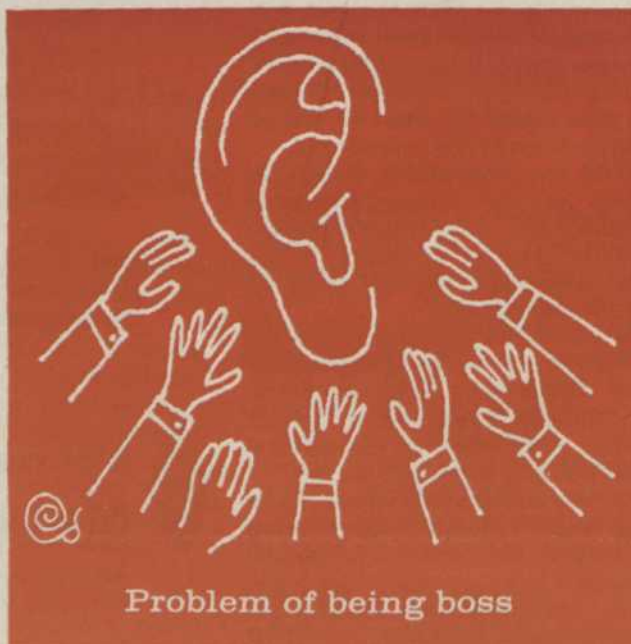
For example, morale among salesmen in an office

equipment firm was consistently low. The director of sales and his immediate deputy regarded their own private conversations as the only kind of communication needed. As friends of some 15 years who had come up via the same route, they had developed a fixed set of attitudes. They insulated themselves, insisted that sales reports told others all they needed to know, and listened to no one else. The company's operations and competition were quickly outgrowing them, but in their provincialism they could see only their own narrow sector.

The morale problem was cured only when both were fired.

In another case, the safety superintendent dealt exclusively with his company's safety committee, as his predecessor had done. The committee kept beefing up safety promotion efforts, but frequency and severity of accidents showed no improvement.

The superintendent finally decided that the com-



Problem of being boss

mittee's ideas were not enough. Once he began to get around and listen to the views of his safety inspectors and first-line supervisors, he discovered that the critical need was not promotional efforts at all. What was needed was more concentrated safety education of employees assigned to work in the new products operation, and use of improved engineering devices there. Once these were introduced, each month showed a substantial reduction in accidents and man-days lost through injuries. The company's record for safety is now among the best in its industry.

Just as there are hazards in listening only to one's alter ego or to a committee membership which has gone stale, there are other hazards. One has to guard against using one's secretary as a communications sieve, being dissuaded by technicians who see only the details, yielding to the expediency boys who want to bail you out for the moment and never think of the future, or being trapped by glib-tongued persuaders in the executive dining room.

In the listening pattern of an executive, both open-door and closed-door practices can be carried to extremes. He has to be wary of moving too far either way. He should guard against overexposure—the tendency to be available too readily and too often to listen to anyone who wants to see him. He should also guard against overinsulation—the tendency to cut himself off from the sources of facts, judgments, and warning signals.

People trying to get your ear

Different kinds of people have different approaches and contributions to make. Some will exercise a positive influence, others negative. Still others are eternal neutralists. You may or may not get what you're listening for.

The chartists will be intent upon getting your eyes, as well as your ear—with chart, pointer, and easel as their instruments, and statistical trends as the content. You can depend on them for skillful compilation of data, good use of graphics, and a fairly articulate interpretation of statistics. Don't count on them for much more. Generally a chartist will have nothing more to add than mild enthusiasm if the trend reflects good news and serious caution if the trend is unfavorable.

There are also the manualists—those quick to cite a paragraph in the company's administrative manual, office manual, sales manual, organizational manual, or any similar document. They go by the book and tend to lack resourcefulness or imagination. The manualists will try to get your ear as soon as they learn you're thinking about an action which goes against the rules.

Other bureaucrats include the idea-stiflers, the status quo advocates, the politicians, the logicians, the vacillators, and some specialists. If you're seeking reassurance that nothing should be done, you'll find it here.

At the other pole are the visionaries, the gamblers, the ambitious, the idea men, and the loyalists. If you want a can-do backing, these men should be in your listening orbit.

The philosophers will consume your time if you give them an audience. They will reflect on how



things used to be and otherwise shoot the breeze. Nice fellows, generally, but of little value in assisting you with the business at hand.

The mathematical model boys are still another group. They see all management in terms of the new tools of management—operations research, computer responses, linear programming, decision-gaming, and the like. For long-range planning or testing a theory, give them a hearing. But don't go overboard with them. Don't succumb to having everything answered by the computer. Use their tools along with other tools. Hold them accountable and mark them plus and minus on performance as you do others in the organization.

A motley group which defies classification also must be reckoned with because of its members' persistent efforts to get your ear. They include the exag-



LISTEN TO THE RIGHT PEOPLE

continued

gerators, the opportunists, the office politicians, the gossips, and the chronic complainers. Give them a minimum of time. Develop the art of evading them graciously.

Instead, give your listening time to your trusted trouble-shooters, your line managers in charge of the bread-and-butter functions of the business, competent staff specialists to whom special tasks are delegated, and those who need your decision because you are the only one able to make it. Block out time to listen and confer with another group, too—fellow managers whose activities are closely allied to yours and where doing business jointly is better than going it alone.

When they try to reach you

The range of situations in which subordinates try to reach the boss is so well known that he often works artfully at controlling the inroads on his time.

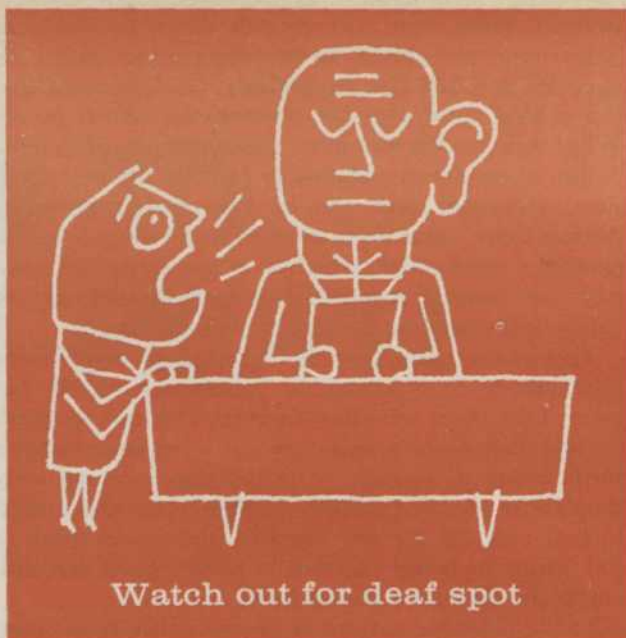
William H. Kennedy, assistant sales manager of Black-Clawson Company, says "there are times when the rate at which you're falling behind on desk work and other needs is such that you have to declare a moratorium on office visitors and listening."

Sometimes a critical question needs to be resolved before subordinates can move ahead. At other times subordinates need your advice on unusual problems they encounter.

There are also situations in which key subordinates require an audience with you on coordination, control, scheduling and the like.

Situations concerned with gripes, personal clashes—and people, generally—warrant attention on a continuing basis. Grievances cannot be easily by-passed.

Technical problems should be handled at subordinate levels and, for the most part, should not eat into your time. However, where your experience and



technical savvy are such that you can help without using too much of your time, consider it a valid part of your listening-consulting pattern.

Finally, there are situations which call for not one, but a continuing series, of talk-it-over sessions. These involve innovations or changes with real profit possibilities. They warrant your time and attention and that of your boss.

Be aware that in all situations you will be listening to more than facts and details. They may be distorted by emotions or hidden motivations. Your listening pattern, then, will have to involve some degree of screening, questioning, and pinning down, in addition to conventional listening and conferring.

Inevitably, too, you will have to spot those who are coming with decisions or recommendations for decisions and those who are coming in for decisions. Your effectiveness will be enhanced to the degree that subordinates are encouraged to make their own decisions. But, if listening to them provides an opportunity for you to do some informal coaching in decision-making or in making clear the nature of delegation or standards of performance, then consider it time well spent.

Listening-proneness

Overexposure leads to listening proneness. You need discrimination in whom you listen to and awareness of the situations in which people are trying to reach you, as well as screening procedures to protect your time. You need a sense of balance, of course, in being available and yet not falling victim to accessibility to all people on all occasions.

Probably equally significant is the hazard of deaf-spots. Sometimes these are caused by ambiguity, jargon, or other influences which impede the clarity of the communication and result in the boss's not really listening. However, the more significant deaf-spots are generally attributable to the boss. These involve his prejudgment of a subordinate's intentions, emotional rejection of what the man is trying to



say, misinformation, inability to separate fact from fiction, and other factors. Deaf-spots are characterized by inattentiveness, lack of desire to understand, or use of platitudes.

There is little point in putting time aside for listening or hoping for a constructive outcome if you are subject to deaf-spots. It is unprofitable for you, demoralizing for the subordinate, and unproductive for your company. A manager has to make an effort to shake off his deaf-spots.

What to do

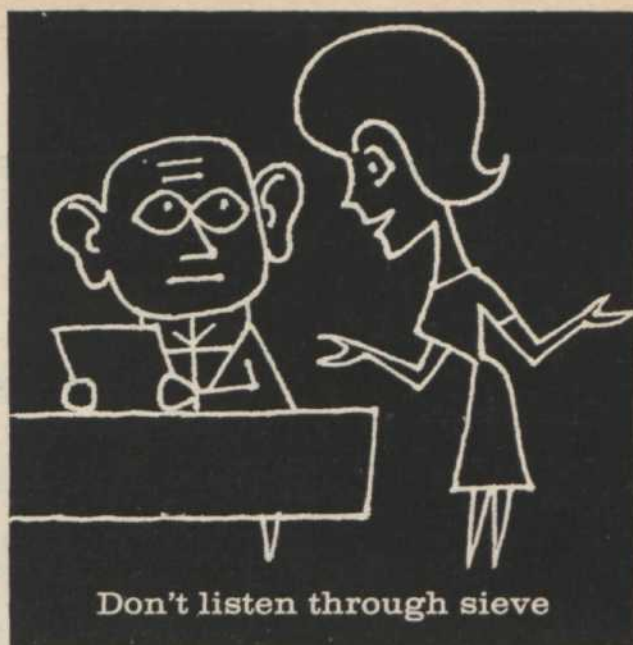
To attain a proper balance in his listening, the executive first should recognize and tap the existing organization. If it is orderly and accessible, he can count on a particular individual being responsible for a certain function, with appropriate records and data.

In this traditional concept of line-and-staff management, he should be able to single out the most knowledgeable person and get his counsel.

"Above all," says Joseph F. Keithley, president of Keithley Instruments, Inc., Cleveland, "be sure in your listening not to express opinions or interpretations which will either conflict with or bind other executives elsewhere in the organization. Also, be sure you don't express views which compromise or usurp the authority or scope of action of your fellow executives."

But, there are times when a boss finds that some of his subordinates' abilities are limited largely to routine technical duties. The most knowledgeable people are not always the most resourceful people, or the most articulate, or the ones on whom you can count for productive discussion. Then the boss has to exercise selectivity in deciding whom he will listen to.

Talent is where you find it—not necessarily in the neat little boxes on the organizational chart. The executive can and should view his organization as a grid on which he can move not only vertically but



also horizontally and diagonally. He should, of course, preserve order by clearing with the supervisors as he dips into the organization to call on people below.

In this selectivity he can depart from the formal system and listen to, or solicit ideas from, any individual in whom he has confidence. Indeed, this selectivity can even extend outside his own unit if such seems desirable.

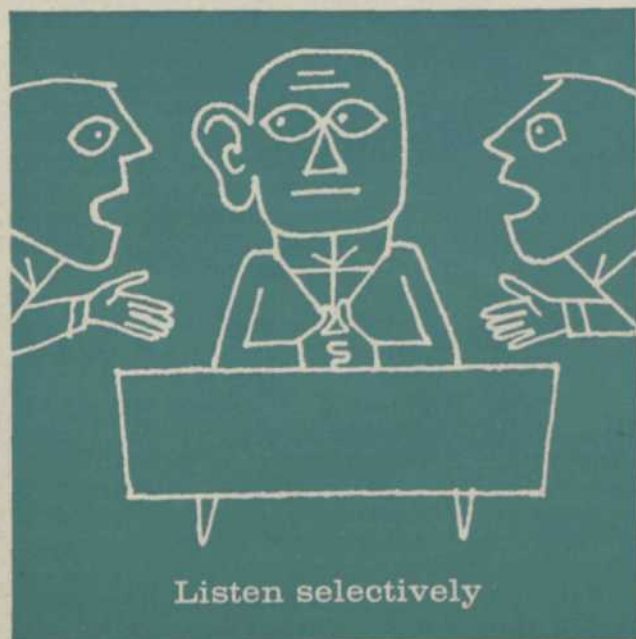
Chain-reaction of ideas

The discussion potential also has to be considered in trying to attain balance in listening. This is important, for as people confer they see things not only as problems but also as opportunities. It leads to a chain-reaction of ideas and the potential may prove to be far greater than originally conceived and help bring you to the brink of decision-making.

Finally, perspective is essential. If the problem is complex or involves divergent considerations, confer with people representing different interests and viewpoints. This provides you with enough perspective to reduce the element of risk. It can also enable you to get long-range as well as short-range thinking.

As an executive you must avoid any tendency to lose interest in facts, figures, and trends. These are important tools in competition. At the same time, however, you should sharpen your conceptual foresight—the ability to see a problem in such ways that you anticipate consequences and have not only the choice of conventional alternatives but also the creation of new ones.

Communication with the boss is easy for some subordinates and difficult for others. The effective manager tries to make the path constructive for others as well as himself.—NATHANIEL STEWART



REPRINTS of "Listen to the Right People" may be obtained for 25 cents a copy or \$12.00 per 100 post-paid from Nation's Business, 1615 H St., N.W., Washington 6, D. C. Please enclose remittance.

WHEN YOU WILL HIT YOUR PEAK

Authority reports findings
on executives' age of success

LIFE really begins for the successful executive at 60.

That's the clear-cut conclusion from three and a half decades of research by Dr. Harvey C. Lehman, professor emeritus of psychology at Ohio University.

His findings are of value to executives, not only in relation to their own careers but in employee relations and planning as well.

Dr. Lehman's research reveals that the age at which one is likely to do his most important work varies with the nature of the task.

"It seems clear," he says, "that for many activities the span during which individuals are most likely to attain their greatest success is relatively brief. Outstanding contributions in science, mathematics, art, music and literature come most frequently from men in their 30's. On the other hand, top positions of business, professional, governmental and political leadership are most likely to be acquired and retained from age 50 to 70."

Although there are considerable mandatory retirements at age 65, Dr. Lehman notes that a great many executives own their own business or are board chairmen and therefore control their own retirements and can make outstanding contributions late in life.

His data shows, moreover, an upward trend, not only in the ages of top business leaders but also in the ages of senators, congressmen, Cabinet members, heads of federal bureaus and services, Supreme Court justices, state chief justices, ambassadors and military commanders.

Prior to the Twentieth Century topflight leadership was exercised most frequently by those in their 50's. Now the age level is edging

up for almost every position of leadership and is usually held by individuals in their 60's.

The two basic reasons, in Dr. Lehman's opinion, are that people are living longer and they're healthier.

On the other hand, age curves for outstanding scientific discoveries have been about the same since 1775. He considers data before 1775 of questionable validity.

Dr. Lehman, who joined Ohio University in 1927, has published more than 160 articles for professional journals and written two books. He is also recognized in Europe and the Far East as the foremost expert on the correlation of age and achievement.

His work shows that, on the average, chemists make their superior contributions when 26 to 30 years old.

Other averages are: physics, 30-34; electronics, 30-34; surgical techniques, 30-39; medical discoveries, 35-39; symphony composition, 30-34; grand opera, 35-39; lyric poetry, 26-31; novels, 40-44; best sellers, 40-44.

Also: general philosophy, 35-39; presidency of American colleges and universities, 50-54.

Professional football, 22-26; professional prizefight, 25-26; professional baseball players, 27-28; professional golf, 31-36.

Thinkers are long-lived

Why the disparity between creative artists and business leaders?

It's not because geniuses die young. Dr. Lehman's tabulations and supporting data point out that, with some dramatic exceptions, the greatest thinkers have been rather long-lived.

He says he is uncertain of definitive reasons for the gap. However, he suggests that experience and recognition from other persons are likely factors.

"No behavior can develop before the groundwork for it has been prepared. In general it appears that conditions essential for creativity and originality—what's in the head—come earlier than those social skills which contribute to leadership and eminence and which must inevitably wait, not upon the insight of the leader himself, but upon the insight of society about him.

"We don't trust young people as much as we trust older people. Even though the young man may be more capable, we have more confidence in older people because of their record.

"We want to play safe with our money.

"If a man is experienced we believe he knows how to do the job.

"Experience in science seems to be acquired more quickly than in other areas. Einstein, for example, made his great contribution at 26 and discovered nothing very important after 46.

"The intellectual leader doesn't need a personal following. He can be unprepossessing, unassuming, inadequate in face-to-face relationships. In the case of a scientist, if he's got it in his head and puts it on paper, the opinion of society makes almost no difference.

"On the other hand, the keenest thinking required by a corporation head or general may well be to find the right person to delegate to. A business or government leader must have followers. If not, he's a solitary actor. Leadership depends on fol-

lowers as much as upon the fellow who wants to lead.

"Quite the contrary is the example of Evariste Galois, the French genius. It didn't make a bit of difference whether the world thought him a capable mathematician. He died at the age of 20 without having gained the attention of influential mathematicians of his time. Yet he made discoveries whose consequences are steadily increasing in importance after 130 years.

"For most executives, it makes a lot of difference what society thinks of them. Particularly the opinions of those who put them in their positions."

Business leaders who employ creative workers may profitably con-

sider these Lehman predictions and observations:

- Ages 30-39 probably will continue to be the most fruitful decade for creative work of greatest merit.
- Average age at time of achievement will be somewhat greater.
- Achievements will be made over a wider span of years because people have more years, due to improved health.
- Total creative output of groups of creative workers will increase somewhat.

A key factor in Dr. Lehman's outlook is the considerable and continuing change in attitudes since the days when it was dangerous to have original ideas. Before the

Eighteenth Century's Age of Enlightenment all information was believed to be in the Bible. One result was posthumous publication of many books.

Among his applicable findings:

- If a man isn't holding a top job in industry or commerce by age 55, his chances of doing so will steadily diminish.

While the age group 55 to 59 actually contributes more top managers than any other five-year bracket, Dr. Lehman says the more significant statistic is that the age group 65 to 69 is the largest contributor in proportion to its numerical strength.

- Age group 60-64, in proportion

AGE OF OUTSTANDING CONTRIBUTION VARIES AMONG OCCUPATIONS



PHYSICISTS
30-34



SURGEONS
30-39



SYMPHONY
CONDUCTORS
30-34



NOVELISTS
40-44



PHILOSOPHERS
35-39



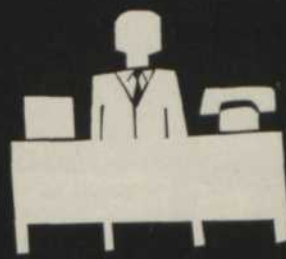
COLLEGE
PRESIDENTS
50-54



PRO FOOTBALL
PLAYERS
22-26



CHEMISTS
26-30



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HIT YOUR PEAK

continued

to its numerical strength, most frequently receives annual income of \$50,000 or more.

● A top executive's most important civic positions are most commonly held between ages 60 and 69. Men associated with the nation's foremost private foundations are likely to be in this age bracket.

● The 50's are the years when individuals are most likely to be first elected presidents of national business, cultural, scientific, and technical organizations.

"Although there are many exceptions," Dr. Lehman says, "professional groups that include a large proportion of research workers tend to elect youthful presidents. Newly founded professional groups also tend to elect youthful presidents."

"One possible reason for this is that any new organization is likely

Election and service of Presidents both generally occur between ages 55 and 59.

"The age of President Kennedy and some present administration officials is an exceptional case," Dr. Lehman says. "It doesn't indicate a shift. Over the next 20 years administration leaders undoubtedly will average older than they did 20 years ago."

to attract young men, and hence is likely to have few elderly members from which to pick its leaders."

● When it comes to income of \$1 million or more a year, men 80 to 89 in proportion to their numbers are the most frequent recipients.

He emphasizes that the age of greatest proficiency and age at which maximum income is received do not always coincide. Neither do quality and quantity of output.

"For example, the English dramatist Thomas Heywood is believed to have written about 240 plays. Shakespeare wrote only 40. If you judge the writing of plays on quantity, Heywood would be six times as important as Shakespeare. My guess is that he's not even one sixth as important."

Dr. Lehman adds a cautionary comment that, although the struggle for success can be a fine thing, it sometimes happens that when a man attains top leadership he finds it not all he expected it to be. **END**

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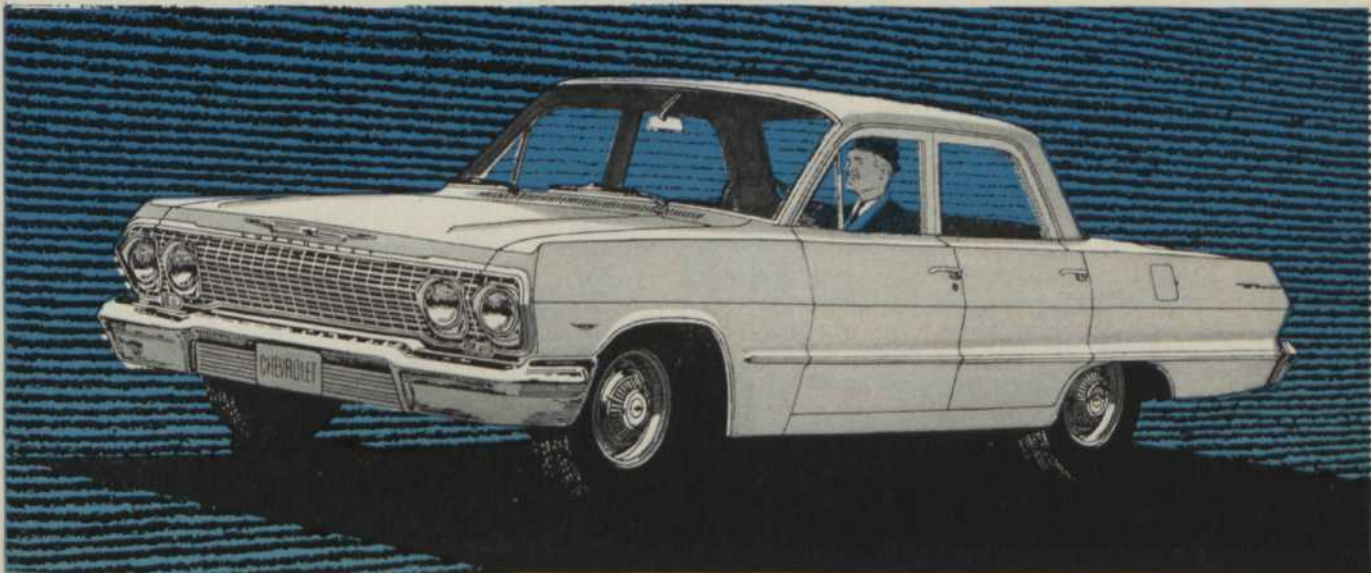
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COMING: New defeat for farm controls

Pressure for national marketing orders to reduce overproduction countered by fear of government

THE NATION'S farmers are showing strong resistance to increased federal meddling in their business.

Like other businessmen, many are aware that government programs are inevitably built on controls over the way they operate. The trend is illustrated by proposals involving two commodities familiar to every businessman—meat and potatoes.

A potato control scheme seems likely to be defeated if and when farmers vote on it.

A similar scheme designed to control turkey production has already been rejected.

The device in question is called a nationwide marketing order, under which prices are boosted by limitations on producer sales. Although marketing orders have been seldom used nationally in the past, and then on a comparatively small scale, the device now deserves examination for three main reasons:

It offers a clear picture of the basic problems involved when government intervenes in agriculture.

The Administration, partly blocked in its attempts to tighten controls under a subsidy-quota approach, may place greater reliance on the marketing order procedure.

It involves less direct government control than other methods. Thus farmer resistance to marketing

orders gives a useful gauge of farm sentiment toward stricter controls.

Fear of government intervention is seen by a key Agriculture Department official as one major reason for defeat of a nationwide marketing order for turkeys last year, despite a record of price-depressing overproduction.

"Controls will be the big argument," says A. E. Mercker, executive director of the National Potato Council, in flatly predicting the same fate for a potato referendum.

Producers in both industries have voluntarily reduced production this year to bolster prices. Nevertheless, control supporters argue that marketing orders have worked well on a regional basis and therefore should be applied to more commodities and given a trial nationwide.

Although details would vary depending on the commodity, provisions of the potato marketing order give a good illustration of the principles involved.

The marketing order, if approved by two thirds of the growers in a referendum, would authorize establishment of an advisory board, its members nominated by the industry and appointed by the secretary of agriculture.

The board would be divided into committees, representing the divergent sectional interests of the na-

tionwide industry, plus shippers and processors. It would adopt seasonal marketing policies based on grade, size, quality, maturity and packing techniques for their commodity.

The secretary would issue detailed regulations restricting marketing in various areas according to these quality standards.

In practice, this would mean that a bumper crop of high-grade potatoes in an area during a given season would result in the withholding from market of certain grades. Conversely, in a bad year, these standards would be broadened to meet demand.

In addition, some lower grade potatoes not suitable for fresh marketing but suitable for processing would be held off the market entirely.

Originally, it was proposed to limit the absolute numbers of potatoes marketed by restricting purchases from producers, each of whom would be assigned a quota set according to his production during prescribed base years. (A similar provision was contained in the defeated turkey order.)

This proposed limitation on quantity drew stiff criticism from the industry and was later dropped by the advisory committee which drafted the order.

Also dropped after hearings was

an exemption for growers producing on less than two acres, a measure criticized on grounds that it would encourage unregulated small-acreage production at the expense of big growers whose marketing would be curtailed to hold up prices.

Featherbedding tactics

Several key points of industry opposition were summed up at a hearing by James Moquist, representing a California growers' association. He argued that the freezing of existing production patterns would prop up the inefficient producer at the expense of the efficient.

Growers of premium products would be prevented from expanding production to meet hard-won increases in demand, he contended.

"The majority of us can take strong issue with union labor's efforts to maintain unneeded employes by featherbed rules such as face our railroads," he said. "We

could easily be guilty of the same tactics in our industry.

"We feel strongly that to accept this order is to take the first big step in over-all industry control, which instead of correcting our ills, could serve to stifle the freedom of choice which creates the initiative and strength needed to solve our individual problems by individual methods, not by conformity and controlled economy."

Fear of politically motivated decisions was expressed thus:

"The order cannot by law legislate a shortage. And as the marketing progresses it will inevitably be necessary for the determination to be made—who is going to dump part of their crop?"

"Will it be Maine that is politically of less importance? Will it be me? Who will it be?"

Added Clarence Newman of Shafter, Calif.: "As good-thinking, intelligent businessmen, it is hard to

conceive how men of the industry could believe that a blanket control managed by an extremely large and unwieldy committee at the direction of the secretary [of agriculture] could . . . manage the problems of a nationwide mass of potato growers with any semblance of equity."

One bloc of opponents cited difficulties of enforcement, added costs of inspection (borne by the industry), loss of market control by producers, failure to prove need for government intervention or to recognize industry efforts to improve quality and adjust production.

The secretary of agriculture would have powers to:

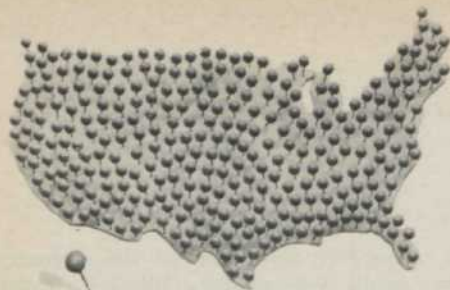
"Limit in any or all portions of the production area the handling of particular grades, sizes, qualities, or packs, of any or all varieties of potatoes during any period.

"Limit the handling of particular grades, sizes, qualities or packs of potatoes differently for different

Potatoes are the next target for government regulation. Growers will be asked to vote for a program to shore up prices by limiting sales



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FARM CONTROLS

continued

varieties, for different portions of the production area, the different outlets, for different containers, or any combination of the foregoing, during any period."

Mr. Mercker predicts that the regulations, if submitted to vote in a growers' referendum, will be scaled down further to eliminate "most of the objectionable features."

Yet Mr. Mercker, who is regarded as a top authority in his field by the Agriculture Department, predicts its defeat. "The damage is done," he says, citing the initial industry reaction against strict controls originally proposed.

Farmers' questions

Growers in states now covered by six regional marketing orders fear that the flexibility possible under the proposed order might leave it open to uneven enforcement. "They don't trust the secretary," he says.

And there's their experience with federal and state inspectors. This is indicated, he says, by the Agriculture Department's reply to his suggestion that it display samples of potatoes that would be acceptable under the nationwide policy banning substandard potatoes.

The suggestion was rejected, he says, on grounds the farmers would learn that some inspectors have been too strict in enforcing existing regulations.

One Washington source who favors the principle of national marketing orders insists that the industry boards actually administer the programs, and the secretary of agriculture exercises his power only when the boards step beyond the bounds set by legislation.

Giving final authority to the secretary is merely a legalistic procedure, he and some others argue, to lend the legitimacy of law to a market-controlling device that would invite antitrust prosecution if undertaken outside the framework of government.

"I have my doubts about a national potato marketing order," he concedes, taking note of the extensive variations in industry practice across the nation.

This source sees "substantial difficulties" in particular for the processing industry, which now provides a market for classes of the commodity that are not otherwise marketable.

Says one industry spokesman: "Marketing orders, if made ap-

plicable to canning crops, would give persons outside the canning industry—government officials and growers—absolute control over raw product procurement—control tantamount to the power of life and death over the canning industry."

A key congressional opponent is Democratic Rep. Ralph R. Harding of Idaho, who favors regional marketing orders on grounds they can be administered on the basis of local conditions.

Rejected by House

Representative Harding feels that the House Agriculture Committee strongly repudiated the principle of national orders in eliminating an entire section devoted to them in the Administration's 1961 farm bill.

Noting that national legislation governing marketing orders limits their use to cases in which the regional approach does not work, he questions whether a potato order would meet this test in court.

One hearing witness, in fact, had this to say about regional marketing orders covering sections with similar procedures, compact area and comparatively few producers and handlers: "Even with these ideal conditions present, failures have been far from unknown."

California growers, in fact, voted out a state marketing order.

Representative Harding sees the problem of national orders not only as one of government domination of industry but also of particular sectional interests threatening to dominate the rest of the industry.

Even one strong proponent of national orders, Rep. Al Ullman, Democrat of Oregon, questions whether a national potato order would be workable or effective without additional national legislation.

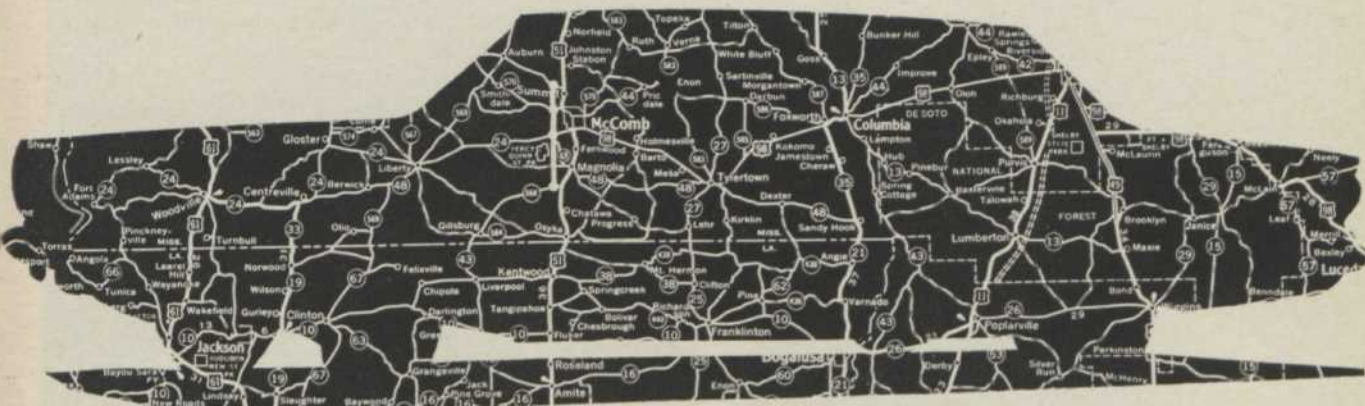
A Republican congressman, Ralph F. Beermann of Nebraska, contends that national orders would be justified only if the nation were prepared to have government take over all marketing in agriculture.

Experience with other government farm programs should give ample ground for opposing these controls, says Representative Beermann, who has been engaged in feed-grains farming.

Elected in 1960 and reelected last fall on an anticontrols platform, Representative Beermann argues for the elimination of government involvement in agriculture.

Others are concerned that marketing orders may be extended to other commodities or replaced, in time, by even stricter controls. **END**

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CONGRESSIONAL CRUSADER CALLS FOR SPENDING CRACKDOWN

Iowa's H. R. Gross, interviewed by Nation's Business, tells where he thinks government could save billions

THE DANGER of national bankruptcy is real and must be faced soon by Congress and the American people if it is to be averted.

This is the conviction of H. R. Gross of Iowa, a member of the U. S. House of Representatives for more than 10 years and one of Washington's most outspoken foes of excessive government spending.

In this interview with NATION'S BUSINESS, Rep. Gross tells why he considers national bankruptcy a genuine possibility and what steps he feels can and should be taken to maintain fiscal stability.

The peril to our national solvency, he believes, stems from recurring budget deficits, backdoor spending, erosion of the dollar's buying power and the proliferation of unnecessary federal activities.

It is Mr. Gross' opinion that the federal govern-

ment could cut its domestic spending alone by as much as \$10 billion. He argues that reductions of this size would forestall huge deficits in the budget.

In past sessions of Congress, Mr. Gross has earned the reputation of being a kind of one-man army against federally financed programs which he regards as wasteful and superfluous. In the past session he hit hard at a proposal—subsequently approved—to authorize construction of a multimillion dollar aquarium in the nation's capital. To Rep. Gross the project is a "glorified fishbowl" which will needlessly consume taxpayers' dollars while adding to the government's budget deficit.

Mr. Gross is a Republican, former newspaperman and veteran of both World War I and Mexican border service. He serves on two House committees—Post

Office and Civil Service and the Merchant Marine and Fisheries Committees.

Congressman Gross, new estimates place the budget deficit for fiscal 1963 at up to \$8 billion. What actions do you think should be taken to hold this to a minimum?

Well, there are any number of federal programs that are not necessary and can be corrected.

I would immediately think of foreign aid. Some \$5 billion was spent in 1962. We have always had a tremendous carry-over—practically every year. This year will be no exception. As I recall the figures, over \$6 billion was the carry-over from fiscal '62 to '63. Possibly \$5 billion, or perhaps more, can be cut and ought to be cut.

Many of these nations we have been helping ought to be able to stand on their own feet now. The money that has been given to the emerging nations ought to be compatible with their ability to absorb what we have given them.

There are any number of projects that can be cut, including some we could eliminate altogether. Certainly some of these activities are nice and—under different conditions, other than a \$302 billion debt—would be acceptable. We have to cut. We have got to cut to the bone in order to balance the budget.

You favor cutting foreign aid, but not where there might be factors of national security involved?

That's right. I certainly don't want to jeopardize the security of this country. But after all, the security of the United States is vested in our defense establishment more than in any other one place. We are not going to buy the security of this country by lavishing millions on other countries and this has been demonstrated repeatedly.

In the domestic area, where do you think economies could be made?

Well, our public works programs can be cut. I don't think they should be cut out altogether, but these programs can be reduced hundreds of millions of dollars. We should never have provided this accelerated public works program in the last session. It cost \$400 million, or thereabouts.

There are any number of things. A smaller example was the \$10 million authorized for building a glorified fish bowl—or aquarium—in Washington. It is things of this sort that are expensive—a kind of frittering away of money.

What about such big legislative proposals as compulsory health care and subsidies to education? What do you think, first of all, of their desirability and, secondly, the cost?

Personally I am opposed to both. If either or both are passed, it will mean additional spending in the billions of dollars.

House Appropriations Committee Chairman Cannon has pointed out the risks of national bankruptcy. How do you feel about this?

I consider this possibility very real. This is the reason I am terribly disturbed over what we have been doing and believe that an extreme necessity exists for getting a balanced budget.

How much do you estimate could be saved by eliminating unnecessary federal programs?

Of course the situation is fluid now. It could change overnight if we have a few more Cubas and march up the hill and back down again on short notice.

It is pretty hard to gauge, but I would think that we could save millions by cutting out the fat that we can get to in the Defense Department alone—without impairing the defense establishment.

On the domestic front, I think we could save anywhere from \$8 billion to \$10 billion.

Which would balance the budget?

Yes.

Looking ahead to fiscal '64 and the years after that, what will the over-all trend in federal spending and the deficit be?

That is hard to say. It depends on whether they are able to enact some of the programs such as federal health care and other programs we have been hearing about.

Do the congressional elections indicate any mandate for freer spending?

No, not at all.

How do you interpret the results?

I can't very well do any interpreting until Congress convenes and I have a look at some of the people who have been elected. I can't tell you at this point the philosophy of some of the Republicans and Democrats who have been elected. Some of the people in their districts may know generally what they believe. I don't. You know there are liberal Republicans as well as liberal Democrats.

In other words, we have a get-acquainted period to go through?

Yes. I want to see a few test votes before I attempt to determine what the future holds. I know this: From what I can read and hear, the Senate is not going to block many of these spending proposals. It seems to

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SPENDING

continued

me that if there's to be any hope for conservative policies and for fiscal responsibility we must put a stop to squandermania and the delegation of power to the executive branch of the government. This trend is as lethal as anything else, certainly when taken in combination with the ability to borrow and spend.

Concentration of power in the hands of the executive is a dangerous thing. I am as deeply concerned about that as I am with the deficit situation.

Where do you expect the heaviest pressures for spending to come in this Congress?

I would think they would come in the Senate.

In what specific form?

In nondefense spending—welfare projects of one kind or another. Let's say so-called welfare projects.

Why do you use the adjective "so-called"?

Because I don't believe some of the programs are truly welfare programs—that is, they are not in the long-range interests of the people of this country.

Backdoor spending has gotten a lot of attention in recent years. What is it exactly and why is it considered by lawmakers like yourself to be a bad practice?

Well, very simply, it is legislation that establishes, say, a five-year plan, and authorizes the spending of \$1 billion a year or \$2 billion without any further recourse to Congress. There is no further check or control.

The plan may break down, but still the money is spent. It might be spent unwisely, but the power to draw on the Treasury has been delegated to the executive branch and the spending continues. That, in brief, is backdoor spending. It's surrender by Congress of control of the purse strings.

You consider it irresponsible?

Yes, I certainly do.

What is needed to give the American economy the new thrust everyone seems to agree it needs?

First of all, it needs some confidence.

Do you think business confidence is shaken?

Yes. I think it was painfully

shaken in a way much worse than anybody realized in the steel situation last year.

Have you found evidence of this among businessmen?

Yes.

What are some of the comments you have heard?

Businessmen don't know what to look forward to. They don't know how to plan for the future. They don't know what to expect next from the government in Washington.

It is hard to pinpoint this thing, but it is definitely abroad—at least in my part of the country.

Getting back to federal spending, what do you think is needed to awaken the people?

I don't know that there is any sure way they can be awakened to the gravity of the situation that confronts them. This is a most difficult question. I have no ready answer.

The government propaganda mill works overtime and somehow or other the people must be made to awaken to the crisis.

Do you use any particular method for demonstrating to your constituents why fiscal policies are important and what the risks are?

Yes. I tell them of the national debt and the interest they are paying on the debt, of the recurring deficits and the inflation that has taken place—their 44 cent dollar.

I try to point out to them that no matter which way we go with respect to meeting this situation, that they are not going to get out of it without trouble; that is, you can't revalue or devalue the currency or repudiate our debt without convulsing the economy, the monetary system of the country. It can't be done. I don't care what process is used by way of revaluation or devaluation or repudiation. It will affect all of us. That is what I try to point out to them.

Their savings in the banks, if they have savings, are affected. The banks and the insurance companies hold a large amount of the obligations that represent the federal debt so that insurance policies and savings and so on will all be affected by federal fiscal policies.

Do you feel that the long-range trend is toward more or less fiscal responsibility?

Less.

What specific things do you expect

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SPENDING

continued

to be fighting for in the Eighty-eighth Congress?

Well, I will be doing, as nearly as possible, exactly what I have done in the past—examining all spending measures, examining all bills. Often, you know, policy bills—legislation dealing almost exclusively with policy—are as important as anything else.

I will again reintroduce and try to get consideration of my bill that calls for a balanced budget, except in times of national emergency, with a two per cent payment on the debt in the first year, three per cent the second year, four per cent the third year, five per cent the fourth year, and thereafter.

You say legislation involving policy is often just as important as any other. Could you illustrate that?

Well, I think we seldom pass legislation that doesn't call for the spending of some money. Seldom these days does legislation deal exclusively with policy. There is almost always money involved, money to implement the policy.

There has been talk of a domestic Peace Corps and greater federal activity in the area of urban affairs. Do you feel that such propositions constitute a danger to local self-government and local initiative?

Yes, I would say so. I wonder, why do we need a domestic Peace Corps? We have all kind of technicians, paid for by the federal government, running around this country administering to the people. Why a domestic Peace Corps? I don't understand why we need one.

I was opposed to the overseas Peace Corps and I have not regretted my vote against that. Time and events may prove it to be a good organization that is worth while in some way, but I know that we simply piled more technicians upon an army of other technicians already in foreign fields.

We didn't remove anybody from the payroll. We simply put another layer of technicians and helpers in business.

You know, we already pay for the bulk of the technicians in the United Nations.

There are technicians of all kinds in the foreign aid program and in addition to all of these who are roaming the world, representing various agencies and departments of

government, there are some 45,000 missionaries abroad.

I think a domestic Peace Corps would tend to duplicate and overlap private, fraternal, civic, religious and other organizations in their local efforts.

Will any serious effort be made this session to undermine the influence or power of the conservative committee chairmen in the House?

I don't know about the chairmen of the House committees, but there is going to be an effort made to undermine conservatives—period.

Do you expect such moves to come from the House itself or will they arise elsewhere?

The pressure will come from within the House itself and from external sources, too.

There will be an effort made to break up any conservative bloc in the House. However, I want to emphasize that I think the House is about the only thing that is left, the only real hope for conservative policies.

Is there a need for more public education to augment the efforts of people like yourself?

Yes. The American people certainly need education along these lines. They need to be told more often that the public and private debt of this country is some \$1,083 billion. They should know that the government can't go on living beyond its means indefinitely, no more than a family or a business can.

Have unneeded federal activities been rooted out?

I don't think many of these costly activities have been rooted out. Instead of cutting federal payrolls, the number of federal employees has increased by about 150,000 since January 1961. It has been going up all the time.

Are there too many people on the federal payroll?

Definitely. We know that there are at least 15,000 military personnel holding civilian-type jobs. This doesn't mean, of course, that jobs should be abolished if the military performs the functions that uniformed personnel are supposed to perform, but it does mean that there could be a tremendous reduction in that one category alone.

So often you find a military man and a civilian sitting across the desk from one another—people who, in fact, are doing the same work. **END**

FASTER GROWTH

continued from page 31

suggests that we need not measure growth in terms of raw material production, tons of steel, or board feet of lumber, but in terms of end products—autos, homes, passenger miles flown, concert attendance, students graduated.

Other lags cited

Nor should growth be measured in terms of the number of capital goods produced. When better design increases the capacity of a new machine compared with that of an older machine, this is not measured. A press that can turn out twice as many items, with a 60 per cent cut in waste, is still one press. The economy has not slipped if two machines which will turn out 150 items a day each are installed in place of three machines which turn out 100 items a day.

In terms of consumer products, the new machines are a part of a

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process which turns out more consumer items at a lower price. Business operates to serve consumers; the production of consumer items should weigh heavily in the growth scale.

Serviceability of consumer goods should be accounted for as well in growth data. When a tire that will wear out at 15,000 miles is replaced by one that will run twice as far, the index measures the price of the tire—not its serviceability. This shows how growth—real growth—is far greater than figures tell us.

It would seem reasonable also that a statement of growth rates should make allowance for scientific and cultural values and for governmental activities. When government takes \$1 billion out of the economy and spends it on scientific research, the money is counted as \$1 billion leaving the economy in the form of taxes and coming back as government expenditures. If the money had been spent for a new plant, it could have turned out goods, and increased our rate of reported growth. In theory, the gov-

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Maybe the idea of *thinking big* has taken a certain amount of good-natured ribbing in recent years. But it's still true, the man who can do it, is on the road to success.

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The association does this through meetings and seminars, where members can discuss their mutual problems. It can put together a program of industry and government leaders who give you the big picture on what's ahead. And through the association you can work towards goals that will benefit your entire industry or profession.

How associations create this atmosphere for thinking big will be demonstrated this month in Washington. Over 400 trade and professional groups are joining forces on January 23 and 24 to sponsor the 1963 Association Public Affairs Conference, where top legislators and administration leaders will cover the national picture and trends important to all businessmen.

You'll find it pays you personally to use your association to think beyond day-to-day concerns. Like the man said: If you can solve the big problems, the little ones take care of themselves.

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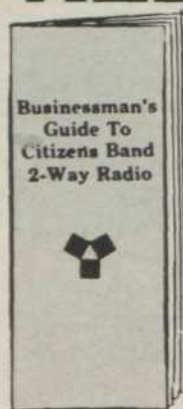


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FASTER GROWTH

continued

ernment takes the money because it can make better use of it than people and companies who pay the taxes. But this is not allowed for in the accounting. Scientific facts that are learned, technical progress that comes from this expenditure do not figure in today's accounting methods as growth factors—just as the value of education, vacations, leisure, music and literature are not counted.

This means you can change the growth-rate statistics simply by changing the way money is spent. Take less away in the form of taxes, for example, and spend more for plant and equipment. In our accounting procedures this would put us in a faster growth class.

What we could add

Some of the values not now calculated could be measured and put into our reporting system. Vacation time could be valued. Time spent acquiring an education could be valued. The reporting of at least some production could be made in terms of service potential or service rendered—tire miles as well as number of tires, vehicle mile capacity as well as miles of roads built, and so forth.

The end product could be a new growth index, one which shows how the value of goods and services desired by people is rising or falling, and how the capacity to produce these desired goods and services is rising or falling.

This index would disclose the presence or absence of real growth—quite a different index from the numbers we use now to show growth, and hopefully, less misleading.

Estimates of growth rates must be arbitrary at best. Until we get a satisfactory index, we have several which can help us assess values for the purpose of deciding public policies. These include such things as school enrollments, book sales, vacations, travel, productivity per unit of capital and of labor, unemployment weighted by age and worker training, changes in the number and seriousness of labor-management conflicts, and others which you can add.

A more sophisticated use of existing information may suggest that, instead of a declining growth rate, the nation may actually be growing faster.

—ROBINSON NEWCOMB

SPECIAL LETTER

NATION'S BUSINESS EDITORS REPORT ON: **New union pressures**

You're not the boss you may think you are. Not if a union represents your employees. Or even if one is merely knocking on your door.

Union influence over business decisions is spreading wider, deeper, faster than ever before—with government help.

Thrust of increasing union restrictions on management's freedom to act stems from shift of union emphasis from wages to other factors, particularly those connected with job security.

* * *

Chairman Frank W. McCulloch of the National Labor Relations Board foresees many new and varied union demands in the decade ahead.

Major objectives: To cushion impact of job scarcity, changing business techniques, public sentiment, foreign competition.

Says Mr. McCulloch: "The concept that a working man has some form of property interest in his job seems to be coming to the fore."

* * *

More union pressure is expected for profit sharing, earlier pensions, tighter seniority protection, weekly pay guarantees, longer vacations.

For job retraining programs, tighter work rules on who does what, and more union stewards to police them.

For more restrictions on farming out or subcontracting work, moving or shutting down a business, or eliminating jobs.

* * *

The Labor Board chairman foresees more frequent meetings between employers and unions, with increasing participation by "public" outsiders.

He views employers as becoming more deeply involved with unions and government, with civil rights, equality of opportunity, full employment,

low-cost housing, improved medical care, better education at all levels, enriched leisure opportunities, a safe and satisfying life between retirement and death, and "a voice in one's own destiny."

"These problems," Mr. McCulloch says, "have already, to varying degrees, been put on the bargaining table, and they will command greater space in the future."

* * *

Trend of recent decisions gives inkling of what may come.

The Supreme Court recently held that an employer must offer jobs with full seniority protection to old employees when he moves to another city, even though the labor contract had expired and another union represented employees at the new location.

The highest court may soon be asked to decide whether an employer may go out of business with impunity for whatever reason he wishes.

The Labor Board has ruled that he may not, even for valid economic reasons, if the decision were even partly motivated by animosity toward a union.

The parent company has been ordered to reimburse employees for wages lost, offer them jobs in other company facilities, and pay their travel and moving expenses.

In another case, however, the U. S. Circuit Court of Appeals upheld a company's right to shut its doors for compelling economic reasons, even though advent of a union as the employees' representative contributed to the company's dim outlook.

Both decisions seem headed for the Supreme Court.

* * *

Union contracts with poorly framed arbitration clauses have contributed to financial grief for some companies which moved to other locations.

Courts have upheld decisions of arbitrators who forced employers to return their business to the original location, pay damages to unions, reinstate employees, reimburse them for lost wages.

There's hope for employers in proposals to curb excessive union power by applying antitrust laws to unions as well as business and putting reasonable limits on collective bargaining subjects.

Several bills will be pushed in the new Congress.

7

reasons
why

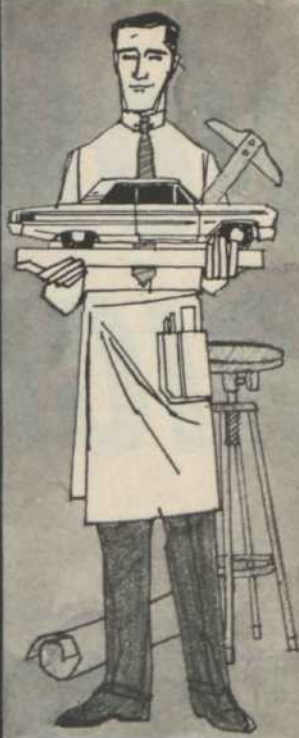
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HOW TO GET RICH

Most Americans have a desire for wealth, but they don't want it enough to do the first thing about accumulating it. In order to build wealth it is necessary to follow a definite program. The average person dreams about wealth and goes no further. A few people are willing to work hard in the hope that wealth may result, and a still smaller number realize that hard work and good intentions are not enough, that they must lay out and follow a specific program.

An infinitely small percentage of this small group actually makes the decision to accumulate wealth and sticks to the program over any extended period of time.

The typical person who could make a great deal of money and keep it might be a business executive trained in a good business school who, upon graduation, gets a job with a major company as a junior executive.

If he is average, but well trained and with a certain amount of executive ability to begin with, he finds himself at age 40 with a fairly secure job earning \$32,500—plus bonus. The world still is ahead of him, and he casts his eye occasionally on the presidency.

At 50 he probably realizes that he will never make the presidency or even vice presidency. But his salary is \$40,000, and he can look forward to some increase.

At 55 his salary is perhaps \$45,000. The strain of the children in college is over. His \$45,000 is more than comfortable, and in just five years he can look forward to retirement with a pension. His days of ambition and of visions of setting the world on fire are now a thing of the past and so are his aspirations to build wealth, at least any more wealth than he has.

He is secure in a position which he, and certainly his wife, do not want to leave, particularly if there is still a glimmer of hope for advancement. He lets his opportunity to accumulate a great amount of wealth slip away, day by day.

In this age of increasing financial security, why bother to build wealth?

The government takes care of a number of life's problems, including unemployment and old age. Private insurance is removing fear of the devastating effects of unexpected, prolonged illness. Private pension plans are developing well.

In the government the comment is made again and again, "I have only 16 years more to go until retirement." Or, "In eight more years I will be eligible for retirement, but if I work 10 more years I will get full retirement."

But you seldom hear a person in business for himself say, "I'm going to retire at age 65." Probably therein lies the difference between the person who accumulates great wealth and the one who does not.

The motives for accumulating wealth are varied and complex, not simple, as most of those without wealth think. When the latter are asked

This article is adapted from a forthcoming book, "The Techniques of Becoming Wealthy," by Richard H. Rush, to be published by Prentice-Hall. Dr. Rush, an economist and financier, is a former representative of J. Paul Getty.

A graduate of the Harvard Business School, Dr. Rush was active during World War II and the early postwar years in several areas of the aviation industry. About seven years ago he entered the field of high-return investment, particularly mobile home sales, conditional sales contracts, chattel mortgages and insurance. In a three-year period, for example, he established three new companies in the retail finance business and brought several banks into retail mobile home financing.

why wealth should be accumulated, the answer is often a surprised, "Why, to be able to buy things, of course." But this is probably not the answer at all, nor even the most important motive for wealth accumulation.

In spite of all of our security, one of the most impelling motives for the accumulation of wealth is the need for security. There are many who went through the depression as impressionable children and will never forget having to move out for nonpayment of rent, or having the phone or electricity cut off, or listening to their parents worry about how to meet the bills.

The first motive is really the need to get as far away from bankruptcy as possible, to accumulate so much wealth that a return to poverty is as nearly an impossibility as is humanly possible.

A second motive is the distinction that wealth brings. The attitude toward wealth may vary from time to time, but it is almost always respectful, even though at times jealous.

Wealth commands respect. It opens doors—mostly business doors, but many social doors as well.

Another motive is probably the collector's instinct. It is satisfying to total up one's assets at the end of each year and find that they have grown. It is like collecting stamps or paintings, in a way. While not everyone can appreciate pre-Columbian art, for example, most people can appreciate the significance of a complete collection of money. The possessor does not have to educate anyone on its aesthetic value.

Making money is also a highly interesting game, and this motive is all important to the wealth-builder.

One can only guess at the motives of those who have created great wealth. It is not even sufficient to ask them why they did it. They may not give an accurate answer or they may not know. In many cases it is a combination of factors that pushes a man on.

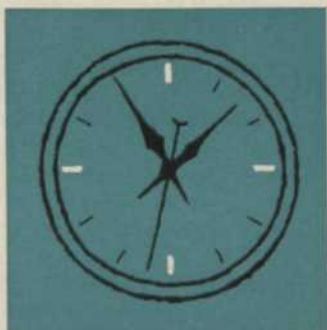
Once in a great while a person just happens on wealth, when oil is discovered on his land or when the city grows in the direction of his 400-acre farm. But it is useless to dream about this type of wealth. There is little one can do to accumulate it.

The final motive force in the accumulation of wealth is the desire to do a job well, with wealth simply a by-product.

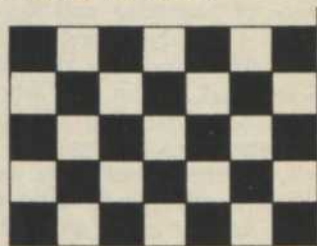
The ordinary person would certainly insist, "Of course I want to accumulate wealth. Who doesn't?"

Unfortunately income is by no means synonymous with wealth. And the higher the income the less that can be saved in view of the progressive federal income tax rates up to 91 per cent, plus state income and other taxes. Then, too, expenses creep up gradually with increases in income and, unless this creep is recognized and constantly combated, it can eat up even the largest income.

This leads us to one of the most important policies to follow when attempting to build a fortune—the policy of saving. As wealth is accumu-



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HOW TO GET RICH

continued

lated it is all too easy to increase expenses for this and that—at first a new car, then improvements on the house, then a house in Millionaires' Park, and, of course, with the house it is necessary to have servants and to entertain with suitable style and frequency. It is then easy to fall into the spending pattern of the community, including trips to the West Indies and trips to Europe.

There is a peculiar paradox to wealth: The person who likes the luxuries that money can buy cannot lead the austere, disciplined life which is necessary to build wealth, while a person who is of a caliber to drive forward toward his goal in the face of obstacles and deprivations is not unduly attracted toward luxuries. However, this paradox is often resolved by the man who can create wealth marrying the young beauty who loves to spend it.

It is anything but easy to accumulate wealth. In the first place a person has to make an unshakable decision to want to accumulate it. It is rare to find a millionaire who made it working part time.

After he has made his first decision, he must find his opportunities. When he has found them he must stick to the job of building wealth in the face of obstacle after obstacle. Not only is wealth-building a matter of determination but it is matter of facing disappointments which are all too prevalent. It is often much easier to say, "Well, this is Saturday afternoon. I'll just this once play a round of golf and then have a drink with the boys at the bar." But the desire to have a good time with the boys does not generally go along with the qualities necessary to wealth-building.

Besides saving, accumulation of wealth obviously depends mostly on investing. This means putting your money to work, whether in your own business or somebody else's. It would, of course, be impossible to list all the ways people invest. But many years of observing and studying businessmen who have become wealthy has produced this list of characteristics which seems to have contributed to their success:

They are extremely astute, with a "nose for business." There is nothing theoretical or impractical in their make-up.

They are intensely competitive—in the price at which they offer their product, in terms, and in the service

that they give. They are not philosophic in the face of declining sales or poor business conditions. They do not hesitate to cut prices to meet competition.

Importance of deals

They have an ability to see a deal and they have an ability to act on it.

Any important financier, investment banking house or bank has hundreds of deals presented to it in the course of a year. The trick is to determine which few are good, and reject the rest. Probably 90 per cent or more of all business propositions for new ventures are unworkable or otherwise unsound. The successful enterpriser has an almost uncanny ability to sift out the good ones and make a sound financial and organizational arrangement for their development.

They are willing to give something in order to get something. For the most part they are not hoggish.

One characteristic of almost the entire group is that it is willing to work and to sacrifice in order to arrive at the end result. In the early days of the business, seven-day weeks are common, and 16-hour days, and these early days may continue on for years. It is almost a maxim of business-building and wealth-building that the more the effort, the greater the chance of success. A nine-to-five day, five days a week, in almost every case, will not do it. Anyone trying to build wealth will find that wealth will not fall from the skies on his head, that it will have to be worked for.

Successful enterprisers literally "go for broke." They make an almost superhuman effort to succeed, often in the process borrowing the last dollar, and while in the building-up stage they plow everything back into the business.

Until they have made it, they generally do not diversify their investments and thus are not cautious.

There is no question that a knowledge of the techniques of business would help any businessman—new entrepreneurs, old businessmen or anyone else—but many entrepreneurs are able to succeed without a technical education in business. There is something which might be said against higher business education as an asset to success and that is that such higher education: 1, places too much stress on departmental problems and not enough on the basic problem of finding a business need and filling it at a profit and, 2, places thinking in an academic straitjacket, thereby

eliminating flexibility of mind and the ability to synthesize all of the business factors rapidly to arrive at a business policy or decision.

One-man shows

Their business decisions are bold and leave no room for doubt as to what their business policy is. They are bold in establishing business policies and are bold in carrying them out. They are generally not dismayed by problems they face.

Almost all of the wealth-builders operate a one-man show. They make the major decisions and while they want advice and listen to it, they are the company.

They are adjustable and mobile. They face reality quickly and they take action to suit the times.

The successful group specializes in enterprises which do not require a large amount of capital for fixed assets such as machinery, which require little of their own capital and where they can obtain money from the public and from borrowings.

These business heads generally go into high-yield business. Asked what his percentage return came to, a successful entrepreneur answered, "About 24 per cent per annum."

Their business emphasis is highly significant. Usually they do not stress the product or the service. They do not strive to offer the best unless that's the way to quick financial success. Instead, they have their eye strictly on financial results.

There are many business management which manufacture only the best and will not change their thinking even though they may suffer financially, at least for the time being. But many entrepreneurs who become wealthy would not have such a goal. If they found themselves in a situation where there was little profit in the best, a large number would make one of two choices: 1, put out a less expensive product in order to tap a greater number of buyers or, 2, sell out.

Finally, the wealth builders go into businesses and into situations in which they can employ as many money-making techniques as possible. And if they start out with other objectives this is generally where they end up.

Most of them strive to do a good honest job, and by applying themselves they are able to build surprising fortunes. It comes back to what a person wants, how great the desire is, how well informed he is on wealth-building techniques, and how dedicated he is to the job of building his fortune. **END**

'63 PROFITS

continued from page 35

taxes can be passed on to buyers in the form of higher prices.

There is reason, however, to believe that little—if any—of the higher taxes of 1963 can be passed on.

The main price indexes are moving horizontally. The consumer price index for several years has been barely moving. A typical rise has been one tenth of a percentage point at a time. In the next few months you may expect to see some decline in the index, but not more than one or two tenths of a point, to be offset by small rises later in the year.

The wholesale price trend is almost exactly flat. In the months ahead it is expected to stay about the same. Cost increases for some commodities will be offset by declines for others.

Cost increases

The direction of business costs is upward.

With pay going up an average of seven or eight cents an hour, and fringe benefits continuing to climb, the increase in hourly cost is likely to be around four per cent in 1963.

But business costs include more than wages.

Productivity is a factor. There is no reason to believe that output per man-hour is likely to rise any more or any less in the year ahead than in the past year. This means production costs will creep up—a trend that puts a premium on modernization equipment.

The trend toward more office workers will add to production costs.

More will be spent in the search for markets. Advertising expenditures will rise. The total cost of selling will be higher. These expenditures will rise because of the need for higher sales to offset wage cost and productivity factors.

Another factor that affects cost is the operation of plants at less than maximum-efficiency capacity. Those industries that run at half throttle will have less profit potential than others which can be operated at more efficient speeds.

Sales volume

Consumer income was never higher. It will continue to grow throughout the year. Wages will go up; so will employment.

Personal credit ratings, on the whole, are in fine shape. There's plenty of room for credit expansion. Personal savings are high.

This adds up to good selling opportunities. An increase in volume is expected, but the increase will be no cause for wild cheering.

Ahead is a year in which hard selling can pay off handsomely. Salesmen are being primed for these prospects. The sales opportunity, plus a hard-working corps of salesmen, will make a positive contribution to profit improvement.

You can count on the likelihood that the combined sales effort of American business will be sufficient to avert any sizable profit decline.

But the balance between rise and fall is critical. That's why some economists, leaning heavily on the hope that the sales effort will pay off, project a slight improvement in profits and others, assessing a continuation of the depressing impact of high taxation, think profits will decline.

A satisfactory increase in volume is possible. But it depends more on Congress than it does on businessmen.

High taxation accounts largely for the prospect of sluggish improvement in consumption.

Taxes this year will sap at least \$60 billion from personal income.

The total tax bill—federal, state and local—will amount to an estimated \$900 for every man, woman, and child in the country. It was \$750 just four years ago. Taxes are rising faster than population.

This soaring trend in the cost of government severely restricts the consumer's opportunity to spend for goods and services.

That's why President Kennedy, Walter W. Heller, his chief economic adviser, and many others in and out of government insist that tax cuts are of critical importance to national economic progress.

A \$5 billion tax cut for individuals could boost the total economy by at least \$12.5 billion—with a substantial impact on profits.

The tax drag on economic progress could also be lessened by a cut in the corporation income tax rate, as the President has noted.

In the face of economic developments now showing on the 1963 business horizon, profit improvement may hinge largely on a cut early in the session of Congress that opens this month.

To foresee which way profits will head, you can watch Congress. That's what the experts will be doing. The quicker Congress acts on tax cuts, the more profit improvement economists expect. The longer Congress waits, the more likely profits are to decline. **END**

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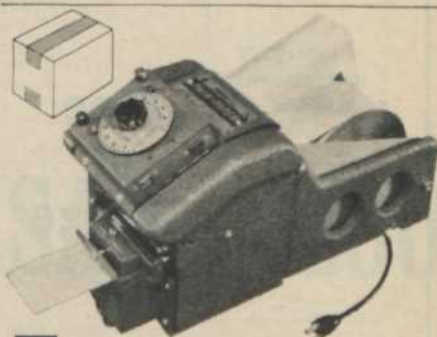
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HOW TO PRICE

continued from page 37

of Building Products, Ltd., a Canadian company, says, "it would be bad for BP to raise prices if we encourage new or active competition either within the industry or from competitive materials."

The information needed is not always available. However, it can be obtained from a variety of sources including salesmen, customers, competitors, advertising, the trade press, public bidding (where that plays a role), and dealers who handle the products of several competitors.

By relating these facts to your own sales and to the reports by salesmen of customer reactions, much useful information may be obtained. What price relationship will induce customers to shift to substitute products? Do customers favor or oppose foreign sources of supply? How promptly do competitors follow a price change? The answers to such questions can be invaluable in reaching decisions on pricing and timing of changes.

Level of capacity

Surplus capacity is a critical factor in pricing, as has been evident for electrical equipment, aluminum, steel, and other products. In this connection, Glenn A. Mangle, chairman of Brockway Glass, noted in November that glass container prices were depressed because of overcapacity in the industry.

Heavy overhead costs continue when a plant is operating below capacity. At low levels of operation, overhead costs must be spread among fewer units, thus raising unit costs. Accordingly, there is a powerful incentive to accept new orders so long as they make some contribution toward overhead expenses. Some sales of this type are made by most companies. Sometimes unprofitable product lines are maintained because of the advantages of offering of a full line.

Under some conditions, however, price-cutting becomes so severe that too much business may be accepted at prices which will involve substantial losses. Each company must decide how low it will reduce prices to meet cuts and then it should forego orders rather than accept them below that level.

Consideration should also be given to establishing the maximum volume that will be sold at such cut prices. Competitors may obtain some business at excessively low prices but this may cause them financial dif-

ficulties. Short-term opportunism should not be given greater weight than long-term profit objectives, or those longer term objectives will never be achieved.

Costs and prices

One path that may result in a reduction in profits is an attempt to price solely on the basis of costs. Unfortunately, this approach to pricing is likely to yield a price which will not result in the most profitable volume. W. F. Christopher of Hooker Chemical Corporation notes with respect to cost-plus pricing, "The only fault is that the answers are usually wrong."

During the past two decades there has been developed a widespread belief that industry sets its prices by determining its unit costs and then adding a liberal profit margin. This belief has been encouraged by wartime government price-fixing, by standards used in renegotiation of government contracts, and by periodic statements of company officials that prices have to be raised because of higher costs. These increases were obtainable because of the general inflationary period. But this approach to pricing clearly has no validity in an excess capacity, surplus goods economy.

While sellers would like to recover all costs plus an adequate profit on each product, there is no assurance that this can be done. Market factors, such as the level of demand, competition, and excess capacity, may make it impossible to recover all costs. An overemphasis on costs and failure to give adequate weight to other factors can be extremely expensive.

Costs are not as precise and easily figured as many people believe. Cost figures often are not significant for pricing purposes. A study by the National Association of Cost Accountants says: "The concepts of cost which are most appropriate for pricing purposes differ in many respects from the concepts of cost used for cost control and financial reporting purposes."

The cost systems used by industry generally are designed for tax purposes. Yet, what is good business within a framework of tax savings may yield unsatisfactory costs for pricing purposes.

To obtain costs which are meaningful for pricing, it is usually necessary to make special studies. Often these studies can cover only a representative sample of the transactions during a short period of time.

Deciding prices on the basis of

costs tends to commit the firm to a price at which it may not be able to obtain its most profitable volume. On the other hand, if it recognizes that costs may differ, depending upon the method of allocation and the production process used as well as the volume obtained, the company is in a better position to reach its most profitable price. This means that costs must be flexible rather than rigid. It also means greater freedom to determine the price and an ability to experiment, if necessary, to reach it.

Role of informed judgment

Pricing is an art, not a science. There are no yardsticks to determine whether the right price is being charged. This can only be tested in the marketplace. One only knows the answer after the price has been set. The answer is reflected in terms of customers' reactions and in the profit and loss statement.

At every stage of the pricing process, decisions must be made between alternative interpretations of the pertinent factors. Most of these facts cannot be reduced to figures. They reflect subjective valuations by the price executive.

What kind of information should the price-maker have available to reach an informed judgment? Some information is obvious: a complete record of past price history for the product, the trend of its sales over time, the experience with special deals, and the price lists and advertising of competitors.

The record also should include salesmen's reports on reactions of customers to price-cutting and special deals in the past by competitors, the record of the company's sales during periods when it cut

prices or offered special deals, any information on special sales campaigns by competitors, how competitors reacted to price moves in the past, the timing of competitors' price changes and the factors that seem to initiate them, and the changing share of the market.

It is also useful to try to determine the selling effort made on your behalf by middlemen and the size of the margin required to induce that effort. This point was discovered by Cannon Mills a few years ago when it attempted to reduce retailers' margin and was met by such solid resistance that the policy was revoked.

Occasionally prices may be raised to give wider margins to dealers and thus stimulate them to greater interest in selling the product. This was done by Phillips-Van Heusen Corporation for shirts in 1960.

Much of the information needed is never recorded, although it may come to the attention of the price-maker at some time. But our memories are notoriously bad. If the price-maker's judgment is to be informed, he must have such information on a continuing basis.

One important problem is how to implement any pricing policy. Some companies prepare pricing manuals for this purpose. Some manuals merely list prices, discounts and related price information. Other manuals also spell out the procedure for determining the price. Some companies establish pricing committees.

Control over costs

What can a company do to build up profits if it is not in a position to get the price it would like? With the price set by factors beyond a company's control, it must turn its attention to costs. After all, profits represent the difference between prices and costs.

The price often determines the cost that a company can afford to incur for specific products. The manufacturer who can offer the most value within a given framework of prices will tend to be most successful. But a major contribution can also be made to profits by controlling the costs which must be incurred to meet that price.

—JULES BACKMAN

*Research Professor of Economics
New York University*

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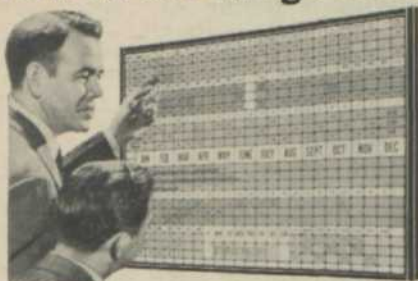
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YOUR RESPONSE to any communication may be either quick and emotional, or slow and thoughtful.

In some situations quick, emotional reactions are appropriate. If someone gives you a cheery greeting in the elevator, it is fitting to smile in return, perhaps without even being sure whom you are greeting. Decision makers often encounter occasions which call for trusting their first hunches rather than trying to postpone action.

In most business situations, however, the faster the reaction, the less successful the communication usually proves to be.

This aspect of the communication problem has been the subject of a number of seminars for executives conducted by Dr. William V. Haney of Northwestern University's Graduate School of Business Administration. The purpose of the seminars is to train the participants in the habit of delaying responses. Methods of inculcating that habit can be considered under four headings.

1. Anticipate hurried reactions in others.

When you have to tell a man something that you know is going to make him angry, you prepare in advance for his reaction. If you want him angry, you prepare either to stand up to his anger or to get out of his way. If you want him to calm down as soon as possible, you try to mitigate his anger.

Although anger probably is the most common cause of too rapid reactions, it is by no means the only one. It is also possible to anticipate and allow for overoptimism, sorrow and other such excited reactions from others.

One of the most important aids to success in communication is awareness that there is possibility of such reactions. The greatest difficulty comes not when you can foresee clearly a quick and vehement reaction. It comes when you are taken by surprise.

A middle-level corporation executive heard that a man he knew slightly in another department was about to be promoted. The two men met in a hallway.

"Congratulations!" the first man said. "I heard about the big step up."

"Well, now aren't you cute," was the response. "I'm not taking that off anyone, and certainly not off some pipsqueak like you."

"Hey, hold on," the first angrily protested. "What's eating you? I was just trying to be pleasant, but you can bet I'll never try again with you."

Not until long afterward did the first man learn that he had been misinformed and that the other had been passed over instead of getting the promotion.

Although neither man was entirely right the man who spoke first was more at fault. He started the communication and thereby assumed responsibility for it. It was up to him to note the failure of that attempt and to seek the cause of the failure, not to compound it.

If he had been in the habit of allowing for the possibility of overcharged reactions, his own reaction could have been quite different. He would have sought not revenge but an explanation for the startling response.

This sort of thing puts quite a burden on those who initiate communication attempts. But someone

WHEN YOU TALK

hasty replies to important questions

must carry the burden. Successful communication never has been and never will be easy.

Dr. Haney suggests that a good way to begin acquiring the habit of anticipating too fast reactions is by observing those with whom you communicate regularly. Perhaps without ever having consciously worked it out you may already be allowing for such reactions in specific situations by specific individuals.

You may, for instance, have discovered that the boss reacts much more thoughtfully and carefully to bad news after he is well settled into the routine of his day than when he first comes in. Or you may have found that you have to be careful how you give one of your subordinates good news because of his tendency to get so excited at the first hint that he misses the if's and maybe's.

Angry reactions are the most difficult to cope with because they tend to provoke anger in response. Dr. Haney suggests keeping in mind that:

"If you are right, you can afford to keep your temper. If you are wrong, you cannot afford to lose it."

2. Anticipate attempts to provoke you.

One of the most successful techniques of unscrupulous operators and office politicians is to needle their victims into reacting strongly and without thinking.

You can keep from being victimized this way by keeping in mind that communications include both information and feelings about information. Even the driest kind of information—say, numbers—can carry a strong charge of feeling. If

one of your salesmen tells you he has sold 43 items when you expected him to sell at least 100 you experience disappointment and maybe anger.

A member of one of Dr. Haney's seminars, the owner of a prosperous automobile agency, told how he found himself being maneuvered by communications that raised his hackles. His second in command was a stolid, colorless man named Tom who had been with him many years. Tom's stolidity sometimes irritated his boss.

The boss had a number of real estate investments. When he was away Tom was in charge of these, as well as the auto agency. On his return from a vacation he learned that, in his absence, a supermarket chain had paid an excellent price for a lot adjoining one he was eager to sell.

An energetic young salesman who was rising fast in the owner's esteem was the only person on hand when the boss reached his office. The boss remarked that he was disappointed the chain had not taken his land and wondered aloud whether Tom had lost out by being too slow.

The salesman made no misstatements nor any open accusations against Tom, his boss admitted later. In fact, he could not remember exactly what the salesman had said. What he could remember was that—whatever it was—it reinforced his own vague feeling that Tom must have fumbled.

When Tom turned up, the boss bawled him out, not only for missing the sale, but for being too slow and cautious in general. Tom let him run down, then calmly and cheerfully explained that he had

A DAY WELL



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WHEN AND WHERE THE 1963 AIRCADRE MEETINGS WILL BE HELD

Feb. 4—Fargo, N.D.—Civic Memorial Auditorium
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Feb. 6—Battle Creek, Mich.—Northwestern Junior High School
Feb. 7—Baltimore, Md.—Baltimore Civic Center
Feb. 8—Pittsburgh, Pa.—Penn-Sheraton Hotel
Feb. 18—Springfield, Mass.—Springfield Municipal Auditorium
Feb. 19—Louisville, Ky.—Brown Hotel
Feb. 20—Winter Park-Orlando, Fla.—Cherry Plaza—Orlando
Feb. 21—Jackson, Miss.—Hotel Heidelberg
Feb. 22—San Antonio, Tex.—Villita Assembly Building
Feb. 25—Bakersfield, Calif.—Civic Auditorium
Feb. 26—Seattle, Wash.—Olympic Hotel
Feb. 27—Boise, Idaho—Pinney Theatre
Feb. 28—Albuquerque, N. Mex.—Civic Auditorium
Mar. 1—Oklahoma City, Okla.—Skirvin Hotel

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How the Aircade Operates

Each year, shortly after Congress convenes—and after the presidential messages have been presented to Congress—a team of National Chamber officers and committeemen makes a flying visit to strategically located cities throughout the country. (See the map for the 1963 itinerary.)

In each of these cities, the National Chamber Aircade team—in cooperation with local and state chambers of commerce and trade associations—conducts a fast-moving, all-day discussion meeting. The meeting lasts from 9:25 a.m. to 3:30 p.m.

It is an audience-participation meeting, not a speech-making meeting. Members of the audience ask questions about national affairs, national issues, national trends. Members of the Aircade team answer the questions—present the facts and the necessary background information—clearly and in the fewest possible words.

Plan Now to Be Present

Look over the map. Select the Aircade meeting most convenient for you to attend, and plan now to be there. Also, encourage your business associates and others to attend. For detailed information, write to the local chamber of commerce in the city where the meeting will be held.

Spend a day at one of the 1963 Aircade Meetings for Citizenship Action, and you will find the day well spent.

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Patient practice is needed to develop the habit of thinking before speaking

just sold the lot for substantially more than had been paid for the adjoining one.

"Actually," the agency owner said, "the whole thing turned out pretty well. Tom says he never in his life enjoyed anything more than the look on my face when he told me what he had done. And I had a fine refresher for a lesson I thought I had learned long ago."

Whenever someone says something that makes you mad, suggests Dr. Haney, take a moment to consider whether he may have said it for precisely that purpose. Then consider whether you want to serve his purposes—or your own.

3. Experiment with delaying your reactions.

If someone suddenly and unexpectedly shouts "duck," you will usually react quickly. But you probably would have to glance around before you could determine exactly what the warning meant.

Even the most urgent communication requires at least some consideration to be understood properly. If you take care to get every message straight in the course of your ordinary, day-to-day affairs, you will find many of your communication problems solved.

You cannot acquire the habit of doing so merely by resolving to count 10 or look before you leap. Such a habit requires long, patient practice. It also requires willingness to see, and to accept the blame for, the consequences when you slip and react too fast.

A young department store executive who attended Dr. Haney's seminars had been assigned to a stint of training new stock boys, and had found communication with them his chief problem. He also found that he often was angry.

On one occasion he was assigned five new boys to train on his own. All five had done quite well in their aptitude tests. He knew that his performance in training them was going to mean a good deal in his superior's assessment of him.

The first morning went well and, to solidify the good beginning, he invited the boys to lunch. Since he was short of money, he felt this was quite a gesture.

As he entered the employees' lounge shortly afterward, he saw the boys grouped together with their backs toward him and heard one say in a sneering tone, "Big deal." The others laughed in agreement.

Instantly assuming that they were talking about his lunch treat, the young executive started to see red. Later he remembered that he had actually opened his mouth to demand, "What do you mean by that crack?" when he noticed that the boys were examining a poster on the wall. It advertised a local dance. The sneer referred to the poster.

The boss was so shaken that he thought long and hard about the incident. He remembered other occasions when he had blazed out at other trainees and wondered whether he was wrong those times, too. But it struck him that the question he almost blurted out, "What do you mean by that crack?" did ask what he needed to know.

This realization led him to a simple experiment. Whenever he found himself getting impatient with the trainees, he tried to rephrase what had caused his reaction to see if he had it straight. He reported that this technique has solved many of his problems.

4. Prepare in advance to delay your responses.

Every business produces periods of more than average stress, which lead to hasty reactions to communication. They also are the times when such reactions can be most harmful. It is possible to anticipate such periods and alert yourself to slow your responses then.

Areas in which the authority of two or more executives overlaps are especially likely to produce communication crises.

The manager of a food processing plant found himself involved in communication difficulties with two engineers from headquarters. One was from the production department, the other from research and development. They frequently descended on him together for several days, and he had to share some of his authority with them.

All three men were aware that the

situation called for restraint. They suspected that it had been wished on them partly to see how they would handle the danger of personality clashes. But their awareness proved no automatic preventive for such clashes. They disagreed so frequently and vehemently that they had great difficulty arriving at any decision. They fought over matters which were almost laughably petty. Headquarters was not amused.

In the beginning the plant manager had taken it for granted that the engineers were in more or less conscious league against him. Gradually, however, he came to see that their antagonism toward each other was much stronger than their occasional outbursts at him.

He also came to realize that the three of them were reacting to almost everything so rapidly and so vigorously that they had no opportunity to consider possible misunderstandings. At their next meeting the research man started off with a question to the production man. Before he could reply, the plant manager leaped in, rephrased the question and asked the research man whether he had understood him correctly. The research man made a slight amendment in the rephrasing of his question.

By then the production man, who had begun to get tense when the question was first being asked, was fairly relaxed. He took his time in answering.

After a few more exchanges like this the plant manager explained why he was butting in. He suggested that they try having the third party regularly rephrase questions and answers on which they disagreed. From then on they were able to understand each other and cooperate far better.

Such rephrasing or paraphrasing is, of course, the basic technique of discussion group moderators. It can work as a prepared-in-advance program for preventing too rapid reactions to communication attempts in any give-and-take meeting.

No advance preparation can prevent all hasty reactions. Probably the best preventive is an occasional success in deliberately slowing yourself down. Each time you succeed makes the next time easier.

—ROBERT FROMAN

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PUSH PAY HIGHER

continued from page 39

of the wage-hour law to employees of hotels, motels, restaurants and laundries. These groups were left out when the 1961 amendments extended coverage to employees in large retail and service establishments.

Sen. Jacob Javits, New York Republican, also has promised to seek this legislation.

This year the AFL-CIO's two-pronged drive for a 35-hour week will be a bigger threat to wage costs at the bargaining table than through legislation to reduce the basic workweek.

The Administration is against this proposal at this time, so it will get little support on Capitol Hill. Representative Roosevelt may reintroduce his bill to require premium overtime pay after 35 hours worked in a week, but will not push it.

"We must press our drive for a 35-hour week with all possible

vigor," AFL-CIO President George Meany said in announcing the creation of a special task force to spearhead the drive. "This will be a long and difficult struggle. But with a united effort, backed by all the resources at our command, it can be won."

The AFL-CIO also wants a penalty of double time for work beyond 35 hours, instead of the present time and a half, to discourage overtime and thus supposedly help alleviate unemployment by spreading the work and increasing job openings.

The task force, composed of six AFL-CIO staff department heads, is aware of the dim legislative prospect and is concentrating on education and publicity and filling requests for information from affiliated unions seeking material for bargaining purposes.

The major cost factor in the shorter workweek is that it is coupled with a demand that there be no reduction in weekly pay that is now earned for 40 hours.

To maintain the same pay for 35 hours' work would require a wage increase of 14.3 per cent.

Labor committee sources in both the Senate and House say that extensive hearings, possibly jointly, may be held on the economic impact of a shorter workweek with no intention of legislating at this time. Views would be heard from all sides.

The shorter workweek and other devices intended to make jobs more secure and provide more of them will be the focal point of many collective bargaining situations during the coming year.

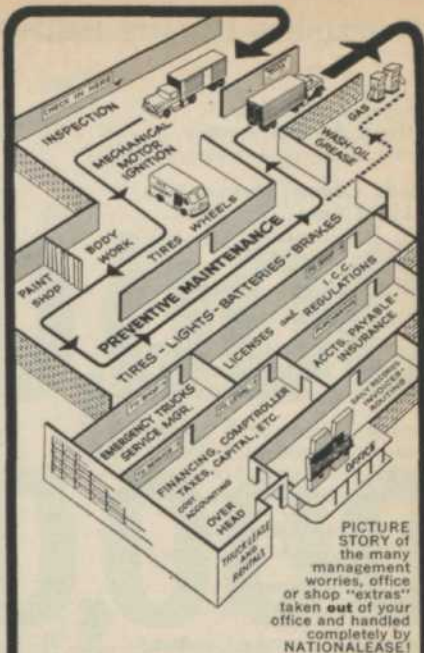
Wages, of course, will always be an issue. Some 3.3 million workers covered by union contracts will get deferred wage increases of from five to 15 cents an hour without bargaining under long-term contracts.

Almost 1.9 million, including 1.5 million of the above, will also get cost-of-living wage increases under escalator contracts if the consumer price index continues its slow rise.

Legal thrusts

More than two million workers will get pay increases costing an estimated \$500 million a year on Sept. 3 when the federal minimum wage goes from \$1.15 to \$1.25 an hour, the second step in the two-part boost from the old \$1 level.

The pay increases to lower-paid workers will naturally force employers to boost the pay of even more workers up the line to maintain pay differentials necessary for those with higher skills. These hid-



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PUSH PAY HIGHER

continued

den increases could cost even more than those required by the higher minimum and have been likened to the largest part of the iceberg which is hidden under water.

Another four million or so employees, mostly in large retail and service establishments, who were covered for the first time by the 1961 minimum wage amendments, will start getting time and a half for work beyond 44 hours a week, also beginning Sept. 3. (The work-week for these employees will be reduced to 42 hours a year later and in another year after that to the 40 hours which has been applicable to industry since 1940.)

Administration push

In addition to setting minimum wages for government construction work which some feel are too high, the administrative branch currently is building pressure for higher wages in at least two other ways.

The Department of Labor has held hearings for the purpose of increasing the minimum salaries which must be paid to some three million executive, administrative and professional employees in order for them to remain exempt from the overtime provisions of the wage-hour law.

Current minimums, in effect for almost four years, are \$95 a week for administrative and professional employees and \$80 for executives. An increase is likely to reflect the rise in white-collar salaries since the last increase. It could be as much as \$15 or \$20 a week.

The Department is also applying the Walsh-Healey Public Contracts Act to more industries doing business with the government and raising the minimum wages which must be paid for work on supply contracts.

Minimums above the general \$1.15 level have been set in some 25 industries and range up to \$2.84 an hour for coal miners in Montana.

Steps have been started to set minimums for the first time in seven industries. In two, tentative minimums have been announced—\$1.80 in machine tools and \$1.25 in electronic equipment.

The other five industries, in which minimum wages to be paid for work on government supply contracts will be determined soon, are pumps and compressors, engines and turbines, conveyors and conveying equipment, construction machinery, and valves and pipe fittings. **END**

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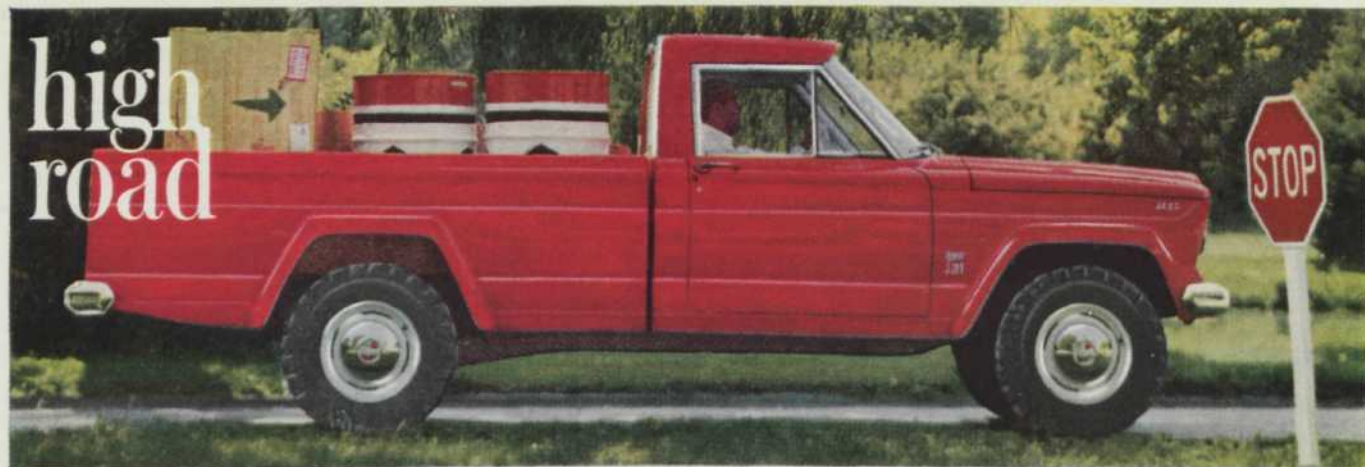
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